

19 April 1996

Qantas Airways Limited

Qantas Centre 203 Coward Street Mascot 2020 Australia

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OST- 95-950-30

Documentary Services Division
Docket 47383 C55
US Department of Transport
Room PI.401
400 7th Street SW
WASHINGTON DC 20590
UNITED STATES OF AMERICA

8847 QA

Dear Sir,

PASSENGER MANIFEST INFORMATION REQUIREMENT

Qantas Airways Limited is a public company headquartered in Sydney, New South Wales, Australia, it is the principal Australian carrier. Qantas operates to 86 destinations in 24 countries around the world. The airline has operated for 75 years and has an enviable safety record. A copy of our 94-95 annual report is enclosed which should provide you with any details about the company that may be required.

The attached information is supplied in response to docket number 4738 and provides details sought. As Qantas gave evidence at the public meeting in Washington on the 29 March 1996, this detail will be supplementary. Questions and sub questions are answered in the order asked.

Information Availability and Current Notification Practice

<u>Item</u> <u>Comments</u>

1. *Passenger Name List **from** Departure Control System, contains following:

Surname, Initial, indication of male/female or child.

- * Electronic in the Departure Control (DC) System.
- * Resonably accurate, however this doesn't allow for **criminal** activity etc, eg. false passports or errors emanating from external sources (ie. travel agents).
- * Not necessarily. There are foreign legislative restrictions.
- * Yes. After the accident, we would start looking at the reservations system and pulling out the Passenger Name Records **(PNRs)** which have a lot more information about the passengers:

Surname, initial, Title - Mr Miss Ms Dr etc

Full Christian name (subject to space - long names may be truncated)

May have a contact telephone number (but this could be a private address,

hotel, friends telephone etc) usually however the contacts are for the passengers themselves.

May have credit card details of payments, but usually not,

(NB: 80% of our bookings are made by other airlines or through reservations systems. Again, as mentioned above, errors will occur.)

- 2. For departures originating in Australia and New Zealand there is a departure card filled out by all passengers when they exit Australia or New Zealand. This card is held by immigration authorities.
- 3. * Once all handbacks have occurred and we have an accurate name list, we would use the PNRs as a starting point and begin to add any additional information that is gained from telephone inquiries.

As friends and relatives phone the company for information, Qantas will take details to assist in establishing Next of Kin **(NOK)**. Callers will not be given any information over the phone in the initial stages when **confusion** will reign.

Once we learn who is uninjured, who is in hospital and these facts are confirmed, this information will be passed onto relatives. Information about the dead will take some time. Identification of the bodies can take a long time and we must have positive identification before notification takes place. Once disaster victim identification has occurred, it is very clearly a Police responsibility in Australia (and most advanced countries) to advise Next of Kin **(NOK)** of death.

No one will be advised of a death over the phone.

- * We have no experience to base any comment on.
- * Here we will be under the guidance of the experts. Usually this will wait until all the dead have been identified. There is a danger that **if bodies** are released prior to all having been identified mistakes may be made. This has happened in the past. There is no room for error here, to send someone the wrong body, or to incorrectly notify someone of death would be viewed most seriously.
- * Until all relatives have been notified correctly, no names will be released to the media. To do otherwise would be most distressing to the relatives. This is why we wish to secure the Passenger List quickly and not pass it out to other organisations that have no real need for it. Hence our concern with this proposal.
- 4. * If we receive such a call, we will be honest and tell the relative we have "no information at this stage, and when we hear we will tell the next of kin."
 - * Qantas will be taking information from callers to try to gain information about the (NOK). Later on, when **confirmed**, information regarding those uninjured or those in hospital will be passed from the Emergency Control Centre to the Qantas

Reservations Emergency Air Incident Control Team (REACT) or to the port overseas taking telephone enquiries **from** the public.

* We would be compiling most of the information required, but not passport number, we ask for Nationality. (How many families know their relatives passport number??).

5. Privacy Considerations

- * Qantas considers there will be privacy considerations. What is to stop people from giving inaccurate information. This "wrong" information could provide an even bigger problem that having an initial lack of information and could lead to some distressing situations.
- 6. * Qantas is concerned about providing information regarding the passengers to a third party as we then lose control of this information. We are anxious that all information is correctly handled and distributed.

7. Similar Information Requirements

API on Qantas flights is provided under a Memorandum of Understanding (MOU) between the Australian Customs Service, Australian Immigration Department, US INS the US Customs Service. Not all passengers details are collected. Passengers originating their journey in Australia are identified however passenger originating from other ports are not identified. These passengers are usually in transit from another international port, and are very difficult to identify at the intermediate port.

We note that API does not supply the level of information required and we would resist expansion of API to include data which is **not** machine readable.

9. Information Collection Technique

To reduce congestion at check-in counters (see comments to point 10) the collection of the required information at the time of reservation or ticket sale would be ideal. However it is unlikely that travel agents would be prepared to collect the data. To illustrate the impact this would have on airlines; 80% of Qantas bookings are made through travel agents, these figures are typical of industry norms.

The concept of collecting data on the back of boarding passes or the use of tear off elements which could be **left** behind is impractical. Qantas is an automated airline using magnetic stripe boarding cards, with this technology we can board 400 passengers in **10-15** minutes resulting in significant customer benefits. With this technique passengers carry their complete boarding pass **onboard**. In our view business arising **from** travel to and **from** the US is not sufficient to justify completely replacing both firmware and hardware, worldwide.

Any other option, especially those permitting the passenger to refuse to supply information places the airline in a difficult position vis-a-vis the legislation.

To illustrate, assume that an accident occurs, and the airline provides the data it collected under passenger manifesting yet there are details missing. How does the airline defend itself against claims that it did not comply with the **CFR** when many passengers may and probably will refuse to provide the required detail, or is it proposed we deny boarding to a passenger who refuses to cooperate?

10. Elements of The Cost of Collecting Passenger Manifest Information

The cost per compliance would be significant. To illustrate, provision would have to be made at each airport into which Qantas operates, to identity US citizens then collect the required information without unduly alarming the passengers. This issue will cause significant difficulties, especially in the absence of an public information program in the US to ensure all US citizens are aware of the reason for the information collection.

Airlines have worked hard over a period of years to gain efficiencies from their **staff**. For Qantas we have achieved the right ratio of check-in **staff** to passenger mix, given the existing duties of a check-in agent. As check-in is the point at which we last interact before a passenger boards the aircraft it follows that this is the last opportunity to collect the passenger data. Given our earlier comments, this will result in an increase in the duties of check-in agents which in turn **will** require more **staff** to ensure that processing standards, consumer expectations and security standards are maintained.

Thus, the first cost would be increased **staff** numbers. However it is not as simple as this. At some airports airlines are physically restrained to a set number of counters or check-in positions. Therefore, simply increasing staff will not improve throughput, either the airline must hire additional space **from** the airport operator or if this is not possible it must require passengers to commence check-in earlier.

To hire new staff to administer this requirement, across the Qantas network would increase expenditure in the order of \$A900,000 per annum. This estimate does not include the cost of additional space rental at airports.

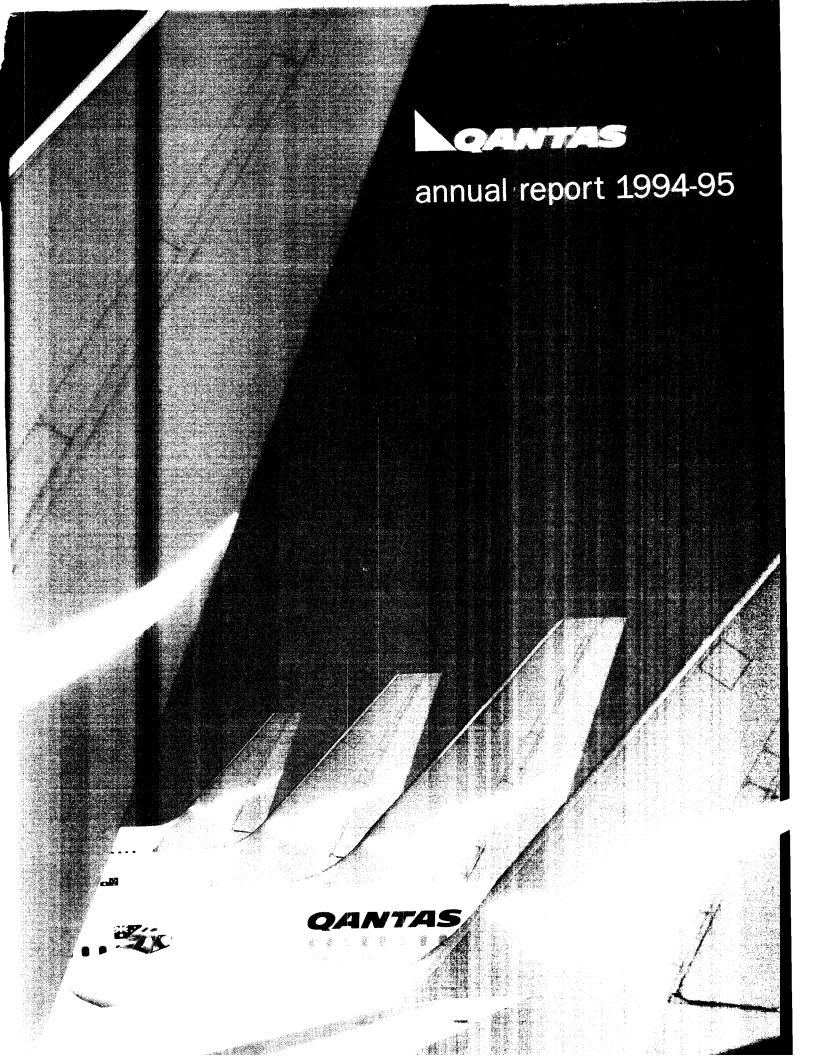
Your notice refers to one time costs. Obviously the intention was to permit enhancement of computer systems to collect this data. Qantas is in the process of a substantial enhancement of both our reservations and departure control system. So immense is this task that no programming resources are available for other tasks for at least 30 weeks. The hiring of external programmers is not an option until the new system is in place and functioning. Therefore, we are not in a position to do more then estimate the one time cost of enhancement which we consider would be in the order of \$A500,000.

Airlines first priority is the safety and welfare of those passengers entrusted to their care. Should the unthinkable, occur then we are as equally determined to respond to the concerns of any relatives or survivors. The short point is that we do care. However, the actions proposed run very grave risks of providing these who desire to learn the fate of their loved ones with inaccurate information which can be just as damaging. Also, the proposal will **significently** increase airlines costs **accross** the board. There must be a better way to address the issue.

I trust that this letter provides adequate responses to your questions. Should you require more detail on any of the matters please do not hesitate to contact the undersigned.

TREVOR LONG

MANAGER FACILITATION



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financial calendar

1995

year end	30 June
preliminary final result announcement	24 August
books close for final dividend	10 November
annual general meeting (Sydney)	22 November
shareholders' briefing (Melbourne)	23 November
final dividend payable	8 December
half year end	31 December
1996	
half year result announcement	22 February
books close for interim dividend	7 March
interim dividend payable	4 April
vear end	30 June

notice of meeting

The Annual General Meeting of Qantas Airways Limited will be held at the Sydney Entertainment Centre, Harbour Street, Haymarket, Sydney on Wednesday 22 November 1995, at 2.00pm.

A Shareholders' Briefing will be held at the Melbourne Sports and Entertainment Centre, Olympic Park,

4005 ot 2.00pm

Qantas Airways Limited ACN 009 661 901

Registered Office: Qantas Centre Level 9, Building A 203 Coward Street Mascot NSW 2020 Australia

Telephone 61 2 691 3636 Facsimile 61 2 691 3339 antas is one of the world's major international and domestic airlines. It operates scheduled passenger and freight services in Australia and to 25 other countries. The Qantas jet fleet is currently made up of 92 Boeing and Airbus jet aircraft. Four regional subsidiary airlines currently operate a further 45 jet and propeller-driven aircraft serving key business and tourism centres in all Australian states and mainland territories, providing linkages to the main Qantas domestic and international services. International Air Transport Association comparisons for 1994 show that Qantas is the world's eleventh largest airline group and the second largest in Asia-Pacific, based on the measure of Revenue Passenger Kilometres (RPKs). Wholly-owned businesses in the Group include Qantas Holidays, which is Australia's largest tour operator, five leading Queensland island resorts and flight catering. Qantas operates extensive aircraft engineering and maintenance facilities in Sydney and Melbourne and its information technology subsidiary supports information systems throughout the Group and is involved in the acquisition, development and application of new systems.

Highlights for the year ended 30 June 1995

	Unit	1995	1994	Better/(Worse)
				%
Group Financial Results				
Operating revenue	\$m	7,276.3	6,598.1	10.3
Operating profit before interest and tax	\$m	471.4	480.0	(1.8)
Operating profit	\$m	320.4	301.8	6.2
Profit before tax	\$m	320.4	236.9	35.2
Profit after tax and outside equity interest	\$m	160.1	155.9	15.5
Total shareholders' equity	\$m	2,277.9	2,166.3	5.2
Cash flows from operating activities	\$m	653.8	729.0	17.1
Earnings per share	cents	18.0	15.6	15.4
Dividend _{pe} share	cents	3.5	-	-
Group Performance Statistics				
Traffic and capacity				
Passengers carried	'000	16,054	14,252	12.6
Revenue passenger kilometres	m	51,204	46,854	9.3
Available seat kilometres	m	71,225	65,019	9.5
Revenue seat factor	%	71.9	72.1	(0.3)
Aircraft in service at period end	No.	135	126	7.1
Financial				
Passengeryield	cents	10.9	10.6	2.8
Total group employees				
Average full-time emolovee strength	No.	28,948	26,791	8.1

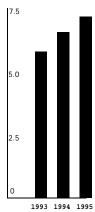
performance summary

Expenditure Year to 30 June 1995

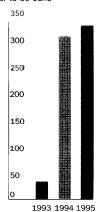
- Manpower and staff related costs 27%
- Selling, marketing and administration 23%
- Aircraft operating variables 20%
- Fuel and oil 10%
- Depreciation and amortisation 6%
- Noncancellable operating lease rentals 5%
 - Tour and travel cost of sales 5%
- Capacity hire and Insurance 2%

 Net interest expense 2%

Revenue \$bn Year to 30 June



Profit from Operations \$m Year to 30 June



	1995	1994	Better/ (Worse)
	\$m	\$m	%
Group Financial Results			
Operating revenues			
Net passenger revenue	5,560.8	4,973.9	11.8
Net freight revenue	524.3	479.3	9.4
Tour and travel sales	442.1	391.9	12.8
Other sources (excluding interest revenue) Total operating revenue	635.7 7,162.9	686.3 6,531.4	(7.4) 9.7
Operating expenditure			
Manpower and staff related costs	1,863.1	1,667.3	(11.7)
Selling, marketing and administration	1,553.3	1,318.8	(17.8)
Aircraft operating variables	1,377.7	1,299.4	(6.0)
Fuel and oil	708.8	684.6	(3.5)
Depreciation and amortisation	394.2	362.0	(8.9)
Non-cancellable operating lease rentals	339.2	333.3	(1.8)
Tour and travel cost of sales	331.3	280.0	(18.3)
Capacity hire and insurance	123.9	106.0	(16.9)
Total operating expenditure	6,691.5	6,051.4	(10.6)
Earnings before interest and tax	471.4	480.0	(1.8)
Net interest expense	151.0	178.2	15.3
Profit from operations	320.4	301.8	6.2
Abnormal items	5_5	(64.9)	0.2
Profit before tax	320.4	236.9	35.2
Income tax expense	140.1	80.8	(73.4)
Profit after tax	180.3	156.1	15.5
	160.3	130.1	15.5
Balance Sheets Total assets	0.000 5	0.011.0	0.7
Total liabilities	8,928.5	8,211.8	8.7
	6,650.6	6,045.5	(10.0)
Total shareholders' equity/net assets	2,277.9	2,166.3	5.2
Group Cash Flows			
Cash flows from operating activities	853.8	729.0	17.1
Cash flows used in investing activities	(221.3)	(147.8)	(49.7)
Cash flows used in financing activities	(516.2)	(642.4)	19.6
Net increase/(decrease) in cash held	116.3	(61.2)	290.0
Debt, gearing and capitalisation			
of non-cancellable operating leases			
On balance sheet debt			
Current debt	155.0	169.9	8.8
Noncurrent debt	2,837.6	2,803.5	(1.2)
Swap offset	(145.3)	(38.3)	279.4
Cash and cash equivalents	(803.6)	(727.8)	10.4
Net debt	2,043.7	2,207.3	7.4
Off balance sheet debt			
Present value of noncancellable			
operating leases	2,707.7	2,770.2	2.3
Net debt including off balance sheet debt	4,751.4	4,977.5	4.5
Shareholders' equity adjusted for			
noncancellable operating leases	1,953.4	1,900.9	2.8
Net debt to net debt and equity	47:53	50:50	6.0
Net debt to net debt and equity		30.00	0.0
(including off balance sheet debt)	71:29	72:28	1.4
	1 1.23	1 2.20	1.4

chairman's report

am pleased to report that Qantas has celebrated its
75th year by returning a record profit from operations
of \$320.4 million for the twelve months ended
30 June 1995. This represents an improvement
of \$18.6 million over the result for the previous year.

Profit after interest, abnormal items and tax was \$180.3 million for the year compared with \$156.1 million for 1993-94. This represents a return on shareholders' equity of 7.9%.

Directors have declared a fully franked final dividend of 3.5 cents per share, amounting in total to \$35.4 million.

Shareholders may elect to receive their dividends in the form of shares under the Dividend Reinvestment Plan which provides for shares to be issued at a 7.5% discount to the market price. Books close for dividend entitlement and investment in the Plan on 10 November 1995. Qantas will pay the dividend on 8 December 1995.

The balance in the Company's franking account at 30 June 1995 stood at \$75.4 million, which will be reduced by the sum of the final dividend.

The year was one of the most significant in the history of the Company with the launch of the Public Share Offer in June 1995 marking the final step in the transition to public ownership. Already one of Australia's leading brands with a reputation for operational excellence and safety, Qantas gained a new commercial

focus and discipline during the two years leading up to the Public Share Offer. This has provided Qantas with a strong competitive advantage for the years ahead. A large part of the success of this transformation has come from the support of employees and the results

are evident in a financial performance that continues to strengthen.

The investment community's assessment of the Company was reflected in the response to the Public Share Offer with strong demand for Qantas shares, particularly from outside Australia. The share price on the Australian Stock Exchange supports the view that Qantas is well regarded by share traders, analysts and investors.

The Qantas Board and Management are committed to further improving the Company's financial performance. Qantas has budgeted for an increased profit in 1995-96 and early indications are that it will be achieved.

The Board and Management recognise that the profitability of the airline industry is liable to be influenced by external factors such as economic change, oil and jet fuel prices, increased taxes, conflicts and other unexpected events.

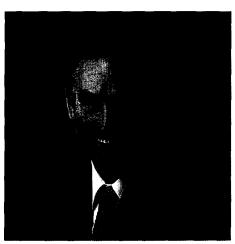
As a result, costs are under constant scrutiny and an adequate

Jillian Broadbent retired as a
Director at the last Annual General
Meeting. During her term of over
seven years on the Board,
Ms Broadbent contributed
significantly to the financial
affairs of the Company
and her background in
international banking proved
invaluable. We wish her well
in her future endeayours.

return on assets is pursued vigorously.

On behalf of my Board colleagues, I would like to recognise the efforts of the staff, most of whom are

now Qantas shareholders. Their contribution is vital in the delivery of service for which the airline is renowned. We look to them to raise further the levels of service so that Qantas can maintain its position as a leader among international and domestic airlines.



Gary Pemberton
Chairman



managing director's report

n its 75th year of operation, Qantas has entered a new phase in its history by joining some of the most successful airlines in the world as a publicly listed company.

The last two years have seen significant changes throughout the airline with an integrated programme of steps to lift its financial performance and prepare the business for the public float.

A series of major initiatives developed in the previous year by a new management group came to fruition during 1994-95.

Some of these changes were more obvious than others. In the highly visible category was a major overhaul of the whole range of Qantas products and services, new uniforms for staff and a new advertising campaign based on 'I Still Call Australia Home'.

Launched in August 1994, the improvements in aircraft cabin interiors, seating, meals, service, airport lounges and frequent flyer programmes together constituted the most extensive upgrade for many years.

Other less visible initiatives involved new scheduling techniques and strategies, switching aircraft capacity away from less profitable routes to better yield markets, achieving greater aircraft utilisation by more efficient maintenance and cost reduction programmes.

Throughout the last two years, substantial resources have been invested in training and communicating with staff, with greater involvement of our people in defining and rectifying problems, and meeting directly with customers.

All of these activities have combined to improve our market performance and our profitability.

Qantas has been able to capitalise on the higher than expected growth

in the domestic market by switching Boeing 767-200 aircraft from regional international routes to trunk route domestic operations.

As a result, huge growth in passengers and revenue was achieved without sacrificing yield or passenger load factor. This is a rare combination.

From a market share in the low 40% range the previous year, Qantas gained leadership in the domestic market by June 1995 with the trend of improvement clearly continuing.

In the international sphere, Qantas market share improved also despite increased competition from Ansett and Air New Zealand utilising new flying rights, as well as more than 40 other international airlines.

The regional airlines (Eastern Australia, Sunstate, Southern Australia and Airlink) increased their operations and

profitability and with other Group businesses (including Qantas Flight Catering, Australian Resorts and Qantas Freight), combined to contribute 25% of profits before tax.

Other important achievements included the negotiation of a new agreement (known as a Joint Services Agreement or JSA) with British Airways to lower costs and lift revenue on the 'Kangaroo Route' from Australia via Asia to the UK and Europe. Its subsequent approval by the Trade Practices Commission enables cooperation on scheduling and pricing on these routes, commencing in November 1995.

During the year, decisions were made to develop and install completely new integrated computer systems for reservations, airport passenger handling and yield management of fares. Based on existing British Airways platforms, these new software programmes will unify domestic and international passenger systems throughout Oantas for the first time.

For the future, an extensive and aggressive cost avoidance and cost reduction programme has commenced. This is vital to contain unit costs of operation.

The future of Qantas to a large degree depends on its staff and the quality of management. These are areas for continuing attention and improvement.

Most staff are now shareholders as a result of shares given as part of the public float.

The management group is committed to closer involvement with its people, with the practical details of the business, and to building more involvement of staff to develop wider understanding of the business and financial implications.

I would like to take this opportunity to pay tribute to our people throughout the Group who

have responded to change positively and achieved high standards of performance leading to market success.

In addition I am personally indebted to the managers who have worked extremely hard and with a commitment to achieve a great deal in a relatively short period.

The guidance and support we have received from our Chairman, Gary Pemberton, and Board members has been a vital ingredient, and is deeply appreciated.

We look forward to the future with quiet confidence, not underestimating the challenges ahead or the extent of continuing improvements necessary to produce the key outcomes, an enthusiastic and professional staff of united people, fully committed to producing acceptable and consistent returns on assets for our shareholder<.



James Strong
Managing Director

board of directors

Gary Pemberton Chairman, Age 55

Mr Pemberton was appointed to the Board in February 1993 and as Chairman in March 1993.

Mr Pemberton is President of the Sydney Organising Committee for the Olympic Games, Deputy Chairman of Brambles Industries Limited and a Director of the Prince of Wales Children's Hospital Foundation Limited. He was Managing Director of Brambles Industries Limited from March 1983 to March 1993, Chairman of Brambles Industries Limited from March 1993 to August 1994 and was formerly a Director of Commonwealth Bank of Australia, CSR Limited, John Fairfax Holdings Limited and Australian Airlines Limited.

James Strong Managing Director, Age 51

Mr Strong was appointed to the Board in January 1991 and as Managing Director in October 1 993. He is a member of the Board Air Safety, Environmental and Industrial Safety Sub-Committee and Chairman of a number of controlled entities of Qantas.

Mr Strong is a Director of Kenison Goldfields Consolidated

Mr Strong was Chief Executive of Australian Airlines Limited from December 1985 to September 1989, National Managing Partner, later Chairman of Partners, of Corrs Chambers Westgarth, Solicitors, from September 1 989 to June 1992 and Group Chief Executive of DB Group Limited in New Zealand from July 1992 until October 1993. He is admitted as a barrister and solicitor in various Australian jurisdictions.

Gary Toomey Finance Director, Age 40

Mr Toomey was appointed to the Board in December 1 YY3. He is a Director of a number of controlled entities of Qantas.

Mr Toomey was previously the Chief Financial Officer of Arnotts Biscuits Limited and of Australian Airlines Limited. He is a Fellow of the Institute of Chartered Accountants in Australia, The Australian Society of Certified Practising Accountants and a Fellow of several other professional bodies.

Mike Codd, A.C. Non-Executive Director, Age 55

Mr Codd was appointed to the Board in January 1992. He is a member of the Board Audit Sub-Committee.

Mr Codd is a Director of Telstra Corporation Limited, IBM Australia Limited, ISSC Australia Limited, Toogoolawa Consulting Pty. Limited and The Menzies Foundation. He is a member of the Board of Advice of Spencer-Stuart and of the Advisory Council to SGS-ICS Pty. Limited and is a consultant to Coopers & Lybrand. He is Australian Country Adviser to Goldman Sachs Australia L.L.C. and also a councillor of The Asia-Australia Institute and The Constitutional Centenary Foundation. From 1 986 to 1 991 he held the positions of Head of the Department of the Prime Minister and Cabinet, and Secretary to Cabinet.

John Ducker, A.O. Non-Executive Director, Age 63

Mr Ducker was appointed to the Board in August 1983. He is Chairman of Qantas Superannuation Limited and of the Board Air Safety, Environmental and Industrial Safety Sub-Committee and is a member of the Board Audit Sub-Committee. Mr Ducker is a founding Fellow of the Australian Institute of Company Directors, Managing Director of Indrel Consulting Pty. Limited, Director of Daniel J. Edelman Pty. Limited, Chairman of the New South Wales Ambulance Service Board and Chairman of The Duke of Edinburgh's Award Scheme Australia (New South Wales Division).

Margaret Jackson Non-Executive Director, Age 42

Ms Jackson was appointed to the Board in July 1992. She is Chairman of the Board Audit Sub-Committee.

Ms Jackson is Chairman of the Victorian Transport Accident Commission and a Director of Pacific Dunlop Limited, The Broken Hill Proprietary Company Limited and Australia and New Zealand Banking Group Limited. Ms Jackson is a Fellow of The Institute of Chartered Accountants in Australia.

Trevor Kennedy Non-Executive Director, Age 53

Mr Kennedy was appointed to the Board in April 1994

Mr Kennedy is Chairman of Sunshine Broadcasting Network Limited, Oil Search Limited, Mount Edon Gold Mines (Australia) Limited and Cypress Lakes Group Limited. He is a Director of several other public and private companies including the New South Wales State Superannuation and Investment Management Corporation, Caxton Holdings Limited and Interactive Television Australia Limited.

Mr Kennedy has spent most of his working life as a journalist and editor, and from 1986 to 1991 as Managing Director of Consolidated Press Holdings Limited.

Sir Colin Marshall Non-Executive Director, Age 61

Sir Colin was appointed to the Board in March 1993.

Sir Colin is Chairman of British Airways Plc. He joined British Airways in 1983 as Chief Executive and subsequently he was also appointed Deputy Chairman. He is also a Director of British Telecommunications Plc., HSBC Holdings Plc., The New York Stock Exchange and USAir Group Inc.

Roger Maynard Non-Executive Director, Age 52

Mr Maynard was appointed to the Board in March 1993. He is a member of the Board Audit Sub-Committee. Mr Maynard joined British Airways Plc. in 1987 and was Executive Vice President North America. He is currently Director of Corporate Strategy for British Airways and a Director of USAir Group Inc. and TAT European Airlines.

Nick Tait Non-Executive Director, Age 56

Mr Tait was appointed to the Board in March 1993. He is a member of the Board Air Safety, Environmental and Industrial Safety Sub-Committee.

Mr Tait joined British Airways Plc, in 1964 and has held a variety of management positions with that company, including positions in Australia. He has been General Manager Australia and New Zealand for British Airways since 1983 and is also a Director of Concorde International Travel Pty. Limited and World Aviation Systems (Australia) Pty. Limited.



Gary Pemberton



James Strong



Gary Toomey



Mike Codd, A.C.



John Ducker, A.O.



Margaret Jackson



Trevor Kennedy



Sir Colin Marshall



Roger Maynard



Nick Tait

Board Committees

Audit Sub-Committee

Air Safety, Environmental and Industrial Safety Sub-Committee

Executive management

James Strong
Managing Director

Gary Toomey Finance Director

Geoff DixonCroup Executive General
Manager Commercial

NormFricker Group Executive General Manager Associated Business

DougGilliesGroup Executive General
Manager Aircraft Operations

lan Oldmeadow Group Executive General Manager Operations

Greg BeeGroup General Manager
Cabin Crew

David Burden
Executive General Manager
Information Technology

Trevor Crabtree *Executive* General *Manager Engineering & Maintenance*

George Dalidakis Group General Manager Financial Control

Bob Dandle Group General Manager Purchasing

Simon Davies Group General Manager Strategic Development

Paul Edwards Executive General Manager Pricing, Scheduling & Yield

George Elsey Group General Manager Customer Service & Organisational Development

Peter Frampton *Executive General Manager Freight*

Ray Heiniger Group General Manager Flight Operations

Gordon Howlett
Executive General Manager
International Operations

Col Hughes Group General Manager National Operations

Brett Johnson General Counsel and Company Secretary

SandraMcPhee Executive General Manager Sales

Barry RobinsonExecutive General Manager
Staff & Industrial Relations

Ken Ryan Group General Manager



review of operations

Revenue

roup operating revenue (excluding interest) increased by 9.7% to \$7,162.9 million in 1994-95. Revenue generated by domestic operations rose strongly as 3 result of a 19.7% increase in Revenue Passenger Kilometres (RPKs) over the previous year. Domestic capacity increased by 21. 1% with a significant proportion generated by improved asset utilisation through the redeployment of Boeing 767s from international operations. Domestic seat factors eased by 1% and domestic yield also declined marginally by 0.3%. During 1994-95, international RPKs grew by 6.1% over the previous year. International profit growth occurred primarily on routes to North America and the United Kingdom. A reduction in profits on routes to Japan and the Orient reflected strong competition. International seat factors declined marginally by 0.3% while yields strengthened by 1.3% over the prior year.

Freight revenue increased by 9.4% during the year principally due to increases in load. Revenue from other sources such as aircraft handling, charters and contract work declined by 7.4% primarily due to the cessation of rentals of aircraft under lease to Japan Airlines in March 1994.

Expenditure

Operating expenditure totalled \$6,691.5 million in 1994-95 an increase of \$640.1 million over the previous year. Operating costs

increased during the year, mainly as a result of the domestic capacity expansion, the impact of wage increases and expenses related to the relaunch of the airline in the second half of the 1994 calendar year. While staff recruitment and training costs associated with capacity expansion were incurred in 1994-95, the benefits will continue to flow to the 1995-96 financial year. Cost reductions of more than \$70 million on an annualised basis were achieved during the year and further cost improvements are anticipated.

Net interest payable

Net interest decreased \$27.2 million to \$151 million reflecting the benefit of increased cash holdings and debt retirement over the year.

Operating profit before tax

Operating profit before tax improved by \$83.5 million to

\$320.4 million. The difference reflected an \$18.6 million improvement in operating profit before abnormal items and \$64.9 million in abnormal expense items in the prior year's result.

Taxation

Staff

Policies and training

programmes are aimed at

motivating staff and developing

a culture focused on

profitability, customer

satisfaction and continuous

improvement.

The analysis of the tax expense is set out in note 4 to the accounts. The tax expense was 43.7% of profit before tax. The effective rate is higher than the prima facie tax rate, principally as a result of recurring non-deductible expenses and the need to restate closing deferred tax balances at the corporate tax rate of 36% effective for 1995-96. This restatement resulted in an abnormal additional tax expense of \$24 million.

Return to shareholders

Profit after tax and outside equity interests was \$180.1 million, equivalent to earnings of 18.0 cents per share compared with 15.6 cents last year. The Directors

have declared a fully franked final dividend of 3.5 cents per share, payable on 8 December 1995 to shareholders registered on 10 November 1995. There were no dividends paid in the previous year.

Share capital and share premium reserve

At 30 June 1995, the issued share capital was represented by one billion ordinary shares of \$1 each.

A further 9,967,178 shares were issued in July 1995, comprising 7,475,384 bonus shares issued to

28,532 eligible employees accepting under the Qantas Staff Share Plan, and a further 2,491,794 bonus shares issued to British Airways under the terms of the Qantas Articles of Association to maintain British Airways' 25% equity interest in the Company. All bonus shares were issued from the share premium account.

Cash flow

Net cash inflow from operating activities in 1994-95 totalled \$853.8 million, up \$124.8 million on last year. Payments for property, plant and equipment in the year, including the acquisition of two 767-300s and one 737-400, amounted to \$467.2 million (1994: \$256.0 million). Debt and swap repayments totalled \$555.4 million after applying \$217.9 million of proceeds from sale and leaseback transactions to repay debt. Shareholders' equity rose \$111.6 million giving a net debt to net debt and equity ratio of 47:53. a three point improvement on last

year. The net debt to net debt and equity ratio including off balance sheet debt, represented principally by non-cancellable aircraft operating leases, improved by one point on the prior year to 71:29.

Future financing arrangements

The planned capital expenditures for the next financial year, including the acquisition of Boeing 737-400 and Boeing 767-300 aircraft is expected to be financed primarily by cash holdings and internal cash flow and partially through external financing.

Foreign currency exposure

Qantas does business in over 50 foreign currencies which account for approximately 50% of revenue.

Qantas generates a surplus in most of these currencies and seeks to reduce its foreign exchange exposure arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments

in each individual currency.

Surplus currencies are sold, either spot or forward, for US dollars and Australian dollars.

Outlook

The outlook remains positive and in line with the forecast contained in the Prospectus for the Public Share Offer. Though yield pressure will continue, overall demand is expected to continue to grow. Further savings will result from the Company's programme of continuous cost control and improvement. Benefits are also expected on a progressive basis

as the Joint Services Agreement (JSA) with British Airways is implemented.

Growth and market leadership

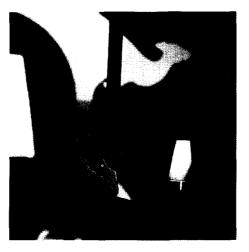
Qantas regained domestic market leadership and increased its lead during 1994-95. This reflected the market's positive response to the relaunch of the airline in August 1994, improved product and promotion, wide-ranging schedule changes, together with effective management of increased capacity. All of these built on the integration of domestic and international operations following the merging of Qantas and Australian Airlines in October 1993.

Qantas surpassed its main rival to gain the majority share of the domestic market measured in RPKs, the industry

accepted measure and an indicator of the revenue share earned. Qantas captured 51.2% of the total market in 1994-95 and 53.1% in the month of June. On the top 20 routes, it gained 55.1% of the market in 1994-95. In terms of passenger numbers Qantas was also the market leader, gaining 50.5% of the total.

In the face of increasing competition from more than 40 international carriers, Qantas continued to enjoy significant growth in demand while maintaining and, in some markets, increasing its share. Qantas carries just over 40% of people travelling to and from Australia.

The combined strength of the domestic and international network is bringing significant benefits to the airline through its ability to offer a range of travel and leisure products with broad appeal. Growth from sales within Australia for international services, and sales overseas for domestic travel, have highlighted the benefits of integration.



Domestic and international airport lounges were relaunched during 1994-95 as The Qantas Club.

Staff

Training programmes are aimed at improving levels of staff involvement, product knowledge and customer contact. A great deal of effort has been directed at improving communication and to focus on profitability, customer satisfaction and continuous improvement. Staff are recognised and rewarded for outstanding customer service.

To support the airline's growth and the introduction of new services, Qantas recruited approximately 470 new flight attendants and more than

160 technical crew during the year. The average Group full-time employee strength for the year to 30 June 1995 was 28,948 compared with 26,791 in the previous year. For the core airline, the average was 23,238 in the year under review compared with 21,903 in the previous year.

In 1994-95 Group productivity improved to 2.46 million Available Seat Kilometres (ASKs) per employee from 2.43 million ASKs in the previous year.

Improved product

In August 1994 Qantas launched its most significant product initiatives for many years. Heralded as 'A World of Change', the product changes were developed to give the airline a distinctly Australian image, and to achieve consistently high standards of service in the air and on

the ground. The initiatives included new aircraft cabin fittings and decor throughout the fleet, fresher and more innovative meals, refurbished airport lounges, new uniforms for customer contact staff and refinements to broaden the appeal of the Frequent Flyer programme.

In the international business class cabin, redesigned seats feature a greater range of adjustments and more leg room with the seat pitch increased 25% to 50 inches (127 cm). The new seats are being fitted to all Boeing 747 and Boeing 767-300ER aircraft and have been a focus of product advertising, principally in the business media.

Additional business class seats have been fitted to Boeing 747-400 aircraft used on trans-Pacific services. While all Boeing 747-400 aircraft in the fleet offer three classes, demand for business class has increased, especially on Australia-United States services where Qantas is presently the only carrier offering the increased seat pitch and individual in-seat video screens to business class customers.

Changes to the Boeing 767-300ER fleet feature a spacious five abreast business class configuration. The Boeing 747 'Classic' fleet is being reconfigured with two classes business and economy - to serve markets where there is less premium fare demand and strong demand for economy class travel. Two Boeing 747 Combi aircraft are being converted to an all-passenger configuration by removing the main deck cargo capacity. The majority of aircraft were reconfigured during the year under review and the remainder are due for completion during 1996.

To complement the new look in the air, Qantas launched The Qantas Club to give its domestic and international airport lounges a new and consistent identity, and to improve the levels of service, comfort and privacy for passengers. All lounges are being refurbished and priority has been given to increasing the capacity of lounges in Sydney and Melbourne. Qantas and its global partner British Airways are developing shared lounges, the first of which opened at Hong Kong airport in May 1994. Others are planned for Bangkok, Los Angeles, Manila and Singapore.

The Qantas Frequent Flyer programme was expanded during the year, enabling customers to earn points by using the Inter-Continental, Holiday Inn, Hilton and Radisson hotel groups. Programme partners include British Airways,

USAir, American Airlines, Canadian Airlines International and Scandinavian Airlines System. Frequent Flyer links with Hertz Car Rental and American Express were also established in 1994.

Improved schedules

Comprehensive domestic schedule changes combined with increased capacity resulted in improved connections and frequencies.

In the first of several major initiatives, Qantas increased domestic capacity by 12% in July 1994 by adding 26,300 seats a week to its network. New schedules offered business travellers more flights on the main trunk routes. Capacity was added to the Sydney-Cairns, Melbourne-Brisbane and Melbourne-Coolangatta routes, while Maroochydore on Queensland's Sunshine Coast gained its first non-stop services from Melbourne.

In April 1995, six new Boeing 767 services each week

Fleet

At 30 June 1995, there were 91 aircraft in the core airline fleet comprising:

- 18 Boeing 747-400
- 6 Boeing 747-300
- 5 Boeing 747-200B (including 2 Combi passenger/freighters)
- 2 Boeing 747SP
- 15 Boeing 767-300ER
- 7 Boeing 767-200ER
- 4 Airbus A300-B4
- 18 Boeing 737-400
- 16 Boeing 737-300

were introduced between Perth and Sydney, boosting capacity on the route by more than 2,000 seats a week. Extra services included non-stop Sydney-Ayers Rock and Sydney-Darwin flights and delivered a 27% increase in frequency and a 30% rise in capacity to the Northern Territory which benefited both the tourism and business markets.

Capacity on services to South Korea, one of the fastest growing markets in the Pacific Rim, doubled in July 1994 when Boeing 747s replaced Boeing 767-300ERs.

Australia-Asia Airlines began a new direct service between Taipei and

Cairns in September 1994 with a continuation to Brisbane.

New international destinations included Osaka, the fifth Japanese city served by scheduled Qantas services. The inaugural Qantas flight to Osaka in September 1994 introduced the Boeing 747-400 'Wunala Dreaming' to the skies. The aircraft, featuring a spectacular Aboriginal design by the Adelaide-based Balarinji Design group, generated widespread media coverage and has been very popular with customers.

In November 1994, regular Qantas services began from Sydney to Ho Chi Minh City replacing charter flights. Qantas expects to benefit from the growing trade between Australia and Vietnam, including air freight.

After gaining approval from Australia's International Air Services Commission (IASC) to fly to China, Qantas resumed services to Beijing in March 1995 following an absence of eight years. Weekly services from Melbourne and Sydney are operated by Boeing 767-300ER aircraft. Qantas previously operated to China from 1984 to 1987.

March 1995 saw the start of new direct services from Melbourne to Manila and a fifth service from Sydney to Jakarta. A twice-weekly non-stop return service from Melbourne to Bangkok provided further tourism and business opportunities for the state of Victoria. The new flights built on a growing network of direct Qantas international services from Melbourne.

Larger capacity aircraft were introduced on key services linking Adelaide and Brisbane with the Qantas hub at Singapore.

A decision was made to end uneconomic services to Paris and Manchester, extensions of Qantas flights to Frankfurt and London respectively.

Regional expansion

In a major expansion of its domestic regional network, the Qantas subsidiary Airlink entered the intrastate Western Australian market in November 1994. The new services, catering to both the business and leisure markets, introduced business class to travellers within the state.

Airlink began new services on the Perth-Alice Springs and Kalgoorlie-Adelaide routes. It introduced three newly acquired BAe146-200 series jets to its services from Brisbane to

Canberra, Proserpine, Rockhampton and Mackay. Direct flights between Brisbane and Canberra increased from six to 19 a week, reflecting growing demand for this service.

Southern Australia Airlines opened a new route with the introduction of 15 flights a week between Melbourne and Burnie in Tasmania using Dash 8 turboprop aircraft.

Airport and terminal facilities

Work began in June 1995 on a \$194 million redevelopment and expansion of the Qantas domestic terminal at Sydney Airport. Planned to provide passengers with a facility of the highest standard, the expansion is scheduled for completion at the end of 1997.

The three stage project will provide twelve new aircraft gates including seven at a satellite lounge. Eight of the

new gates will accommodate widebody aircraft. The passenger handling capacity will be increased from 1,520 to 2,320 people per hour. An elevated road will provide direct access to the new first floor departure level. Work also started on a \$21 million freight terminal at Brisbane Airport adjacent to the new International Passenger Terminal. It is due for completion in April 1996.

New services were introduced to improve the transfer between domestic and international flights. In Sydney, a time-saving shuttle bus began operating between dedicated Qantas transfer lounges at the two terminals via roads within the airport boundary. In another step to save passengers time, Qantas, the Department of Immigration and Ethnic Affairs (DIEA) and the Australian Customs Service developed a world-first computerised system called Advance Passenger Clearance. It links Qantas check-in computers at major domestic airports around Australia with DIEA computers, enabling passengers to obtain

outgoing immigration cards at the start of their journey, along with seat allocation and boarding passes through to their final destination.

In London, Qantas introduced a Fast Track arrivals lane for first and business class passengers. enabling a quicker immigration clearance.

This complements a similar service for departing passengers.

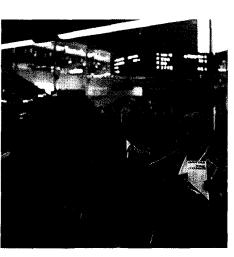
Alliances

The cooperative alliance between Qantas and British Airways was broadened following approval of the JSA by Australia's Trade Practices Commission in May 1995. The

approval enables the airlines to coordinate scheduling, marketing and pricing of 35 weekly services between Australia and Europe from November 1995, in the face of ongoing competition from over 40 other airlines.

Qantas and British Airways customers will benefit from a wider choice of fares, flights and routes, improved transfers between the airlines and other benefits to be introduced progressively As part of their marketing agreement, Qantas and British Airways already offer a range of Global Explorer fares and other joint products to passengers and freight customers. The airlines are establishing shared offices, the first of which opened in Tokyo during March 1995.

In March 1995, British Airways began codesharing on Qantas services between Auckland and Los Angeles,



Check-in will move to the upper level of the redeveloped Sydney domestic terminal

offering its customers a faster one-stop service to London with a connection to British Airways services in Los Angeles.

In June 1995, Qantas increased its shareholding in Air Pacific to 17.5% from 10%. The two airlines announced a reorganisation of their schedules to increase penetration of the United States market as well as to improve operational efficiencies. From January 1996, Air Pacific will operate all but one service between Australia and Fiji and will operate all services between Fiji and the United States. Qantas will codeshare on the Air Pacific flights.

Award-winning performance

According to the CONFER Top 100 Market Research Panel Report, a national survey published in May 1995, Qantas is the airline of choice in the Australian market. Qantas is seen as offering the best value for money and providing the best international and domestic service.

Qantas was named Australia's 'Corporate Image Leader' for the fifth successive year,

following a poll of business leaders by National Business Bulletin magazine. For the third successive year, Qantas was named 'Best Carrier to Australasia and the Pacific' by the prestigious British magazine Executive Travel.

In June 1995, Qantas won Flight International magazine's aerospace industry award for environmental matters, in recognition of the airline's many environmental awareness and protection initiatives and procedures.

Qantas won a range of other awards during the year. It was named

'Principal of the Year' for outstanding service to travel agents throughout Australia by the Australian Federation of Travel Agents (AFTA) at its annual convention in August 1994. Qantas travel wholesaling subsidiary, Viva! Holidays, was named 'Best International Wholesaler'.

International relations

During the year, the Australian Government concluded a new Air Service Agreement with Vietnam and Qantas successfully applied to the IASC for capacity entitlements enabling it to replace charter operations to Ho Chi Minh City with scheduled services. Qantas was successful in applications to the IASC for additional capacity to expand operations to Indonesia, The Philippines, Singapore, Vanuatu, the Solomon Islands, Canada and Japan, and to recommence flights to China.

The Australian and Hong Kong Governments agreed in June 1995 to negotiate a new air services treaty by 1 January 1996. This followed a dispute over the interpretation of the Australia-Hong Kong Air Services Agreement. Notwithstanding Cathay Pacific Airways' ability to carry passengers to and from Australia freely, the Hong Kong authorities threatened to impose unilateral restrictions on the Qantas rights to carry fifth freedom traffic between Hong Kong and Bangkok or Singapore.

Fleet

Two Boeing 767-300ER aircraft were delivered in August 1994 for use primarily on international routes. In May 1995, Qantas placed orders for three Boeing 737-400 aircraft and two Boeing 767-300ER aircraft for delivery between December 1995 and November 1996. A Boeing

737-400, maintained by Qantas, was purchased from Air Nauru and entered service in July 1995. At 30 June 1995, options (which are not commitments to purchase aircraft) were held for 19 Boeing 747-400s, one Boeing 737-400 and two Boeing 767-300ERs.

Regional airlines

Regional airlines in the Qantas Group

— Airlink, Eastern Australia Airlines,
Southern Australia Airlines and Sunstate
Airlines — operated 44 aircraft at 30 June
1995 comprising:

- 8 British Aerospace BAe146
- 13 deHavilland Canada Dash 8-100
- 5 deHavilland Canada Twin Otter
- 4 British Aerospace Jetstream 31/32
- 6 Shorts SD360/330
- 8 Cessna C404 Titan

Corporate governance

The objectives of Qantas shareholders, employees, customers and those of worldwide corporate regulators and legislators are met by ensuring that a framework of corporate behaviour of the highest standard has been established.

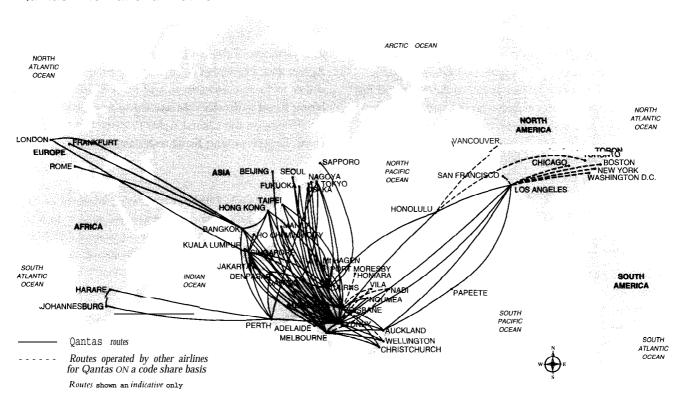
Corporate governance is essentially about the alignment of accountability of management with the rights and powers of shareholders with the aim of achieving maximum corporate performance.

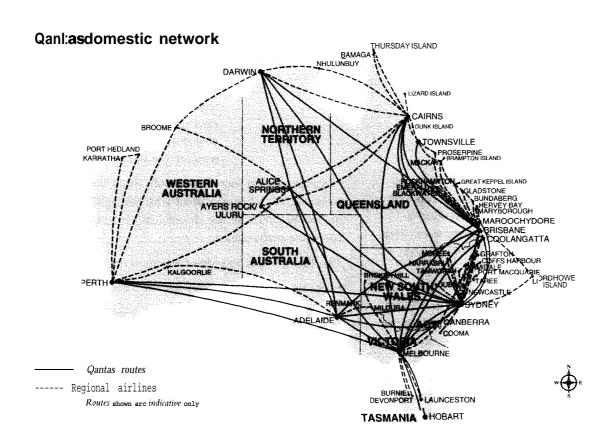
The Board's most important functions include:

- · setting of objectives, goals and corporate direction
- · adopting and monitoring progress of the strategic plan
- adopting an annual budget and the monitoring of financial performance
- ensuring adequate internal controls exist and are appropriately monitored for compliance

route maps

Qantas international network





- ensuring significant business risks are identified and appropriately managed
- ensuring that Qantas has the highest standards of financial and ethical behaviour
- selecting and recommending new Directors, including the Managing Director to shareholders
- setting compensation arrangements for executive Directors and executive Management

The Board composition and tenure of appointment of the various categories of Directors are detailed in Part 6 of the Articles of Association of the Company.

The Board has a programme of eleven scheduled meetings each year. It is currently comprised of ten Directors; eight non-executive and two executive, the latter being the Managing Director and the Finance Director. The Chairman and the three British Airways nominees to the Board are non-executive Directors. The Board's structure and mix represents a majority of non-executive Directors which ensures the benefit of independent views, whilst the executive Directors provide continuity and the daily management.

The Board recognises that it is through its sub-committee structure that specific areas of the Company's activities and operations are reviewed. The Audit Sub-Committee is chaired by Margaret Jackson and its members are currently Mike Codd, John Ducker and Roger Maynard. The Sub-Committee meets quarterly to review the financial statements and interim financial information with both Management and the external auditors prior to submission to the Board. It also coordinates the effectiveness of the audit approach between internal and external audit, and reviews accounting policies and practices and their compliance, as well as the adequacy of the systems of internal control.

The Air Safety, Environmental and Industrial Safety Sub-Committee is chaired by John Ducker and its members are currently James Strong and Nick Tait. The Sub-Committee considers all matters relating to the operational safety of the airline.

The Directors also participated in other sub-committee meetings convened during the year to consider other issues.

Directors are entitled to seek independent professional advice at the Company's expense in respect of any matter which is of concern.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Chief Entity during the financial year were:

	Qant Boa		Au Sub-Con		Air Sa Environ and Indust Sub-Con	mental rial Safety	Oth Sub-Com	
Directors	attended	held*	attended	held*	attended	held*	attended	held*
Gary Pemberton	13	14	4#	4#	-		2	2
James Strong	14	14	4#	4#	3	3	3	3
GaryToomey	13	14	4#	4#	_		3	3
Mike Codd, A.C.	13	14	1	4		_	_	_
John Ducker, A.O.	14	14	4	4	3	3	1	1
Margaret Jackson	13	14	4	4	_	_	_	
TrevorKennedy	14	14		_	_		2	2
Sir Colin Marshall	3+	14					=	
Derek Stevens (alternate to Sir Colin Marshall)	2	14				_		
RogerMaynard	12+	14	3	4	_	_		
John Watson*(alternate Roger Maynard)	2	14			_	_		
Nick Tait	14	14			3	3	2	3
Jillian Broadb (retired 5 December 1994)	5	6	_	_	-		2	2

^{*} reflects the number of meetings held during the year whilst the Director held office

⁺ when not present in person represented by alternates



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directors' report

The Directors present their report on the financial statements of Qantas Airways Limited (the Chief Entity) and the consolidated accounts of the Economic Entity being the Chief Entity and its controlled entities, for the year ended 30 June 1995.

Directors

The Directors of Qantas Airways Limited at the date of this report are:

Gary Pemberton (Chairman)

Trevor Kennedy

James Strong

Sir Cohn Marshall

Gary Toomey

Roger Maynard (also alternate to Sir Colin Marshall)

Mike Codd, A.C.

Derek Stevens (alternate to Sir Colin Marshall)

Nick Tait (also alternate to Roger Maynard)

Margaret Jackson

Principal activities

The principal activities of the Economic Entity during the course of the financial year were the operation of international and domestic air transportation services, the sale of worldwide and domestic holiday tours, catering activities, information technology services and resort operations. There were no significant changes in the nature of the activities of the Economic Entity during the financial year.

Consolidated result

The consolidated profit for the year after abnormals and income tax attributable to the members of the Chief Entity was \$180.1 million (1994: \$155.9 million).

Earnings per share

Basic and diluted earnings per share was 18.0 cents (1994: 15.6 cents).

Dividends

The Directors declare a final dividend of \$35.4 million (3.5 cents per fully paid share) to shareholders of the Chief Entity for the year ended 30 June 1995 (1994: nil). The dividend will be fully franked at a rate of no less than 36%.

Qantas Investments (NZ) Limited, a controlled entity, paid an unfranked preference dividend of \$9.6 million (1994: \$0.8 million) to an outside equity interest in relation to prior years.

Review of operations

The profit for the year represented an improvement from the prior year reflecting relatively favourable market conditions and the flow-through of benefits associated with the many changes and initiatives undertaken over the last two financial years.

Qantas gained over 50% of the domestic market share by the end of the year. Internationally, Qantas continued to emphasise asset utilisation ensuring focus on route performance and returns with significant improvements on the UK, Americas and New Zealand routes. Further details relating to the review of operations are set out in pages 9 to 15 of the annual report and in the accompanying financial statements.

State of affairs

Changes in the state of affairs of the Economic Entity are set out in the review of operations on pages 9 to 1.5. Significant changes outlined are as follows:

- a 10.3% increase in operating revenue to \$7.3 billion
- · a 35.2% increase in profit before tax
- · no pre-tax abnormal items for the 1994-95 financial year
- a \$24 million abnormal tax expense due to the change in tax rate to 36%
- purchase of two Boeing 767-300ERs and one 737-400
- · significant growth in domestic network capacity
- a 17.1% increase in cash flows from operations to \$853.8 million
- a final fully franked dividend of 3.5 cents per share.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Economic Entity that occurred during the financial year under review not otherwise disclosed in the annual report and in the accompanying financial statements.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in subsequent financial years, other than the public sale by the Commonwealth of Australia of the remaining 75% of the shares in the Chief Entity and resultant listing on the Australian Stock Exchange effective from 31 July 1995.

Likely developments and expected results of operations

Developments likely to significantly affect the operations of the Economic Entity that were not finalised at the date of this report included:

- the resolution of a bilateral dispute with Hong Kong over fifth freedom rights. Negotiations between the Australian and Hong Kong Governments have recommenced as scheduled. No indication as to the eventual outcome is available at this time, although negotiations are scheduled for completion by 1 January 1996.
- a Joint Services Agreement (JSA), as approved by the Trade Practices Commission, has been entered into with British Airways with a view to jointly developing new services and products, identifying areas of operation which can be integrated, coordinated or amalgamated and identifying and developing other synergies. The two airlines have agreed to coordinate certain aspects of their international airline services operated on the routes between Australia and Europe, between Australia and Singapore, Kuala Lumpur and Bangkok and between Singapore, Kuala Lumpur and Bangkok and Europe. Commercial benefits are expected to be realised on a progressive basis from the 1995-96 financial year onwards.

The Directors included a forecast for the financial year ending 30 June 1996 in the Prospectus dated 22 June 1995, issued for the Public Share Offer. The Directors are not aware of any further developments likely materially to affect that forecast that are not contained in the Prospectus, outlined above, addressed in the review of operations on pages 9 to 15 or contained in note 24 to the financial statements. The Directors stress the continued sensitivity of the forecast to movements in the underlying assumptions as outlined in the Prospectus.

Further information as to likely developments in the operations of the Economic Entity and the expected results of those operations in subsequent financial years has not been included in this report because the Directors believe on reasonable grounds that to include further information on those matters would be likely to result in unreasonable prejudice to the interests of the Economic Entity,

Information on directors

Details of Directors, their experience and any special responsibilities are set out on pages 6 to 7 of the annual report. Details of meetings of Directors are set out on page 15 of the annual report.

Particulars of directors' interests in shares and options of the chief entity

Directors	Ordinary Shares
Gary Pemberton	60,000
James Strong	40,263
Gary Toomey	20,263
John Ducker, A.O.	5,000
Margaret Jackson	20,000
Trevor Kennedy	20,000

The particulars of Directors' interests in shares and options are as at the date of this report.

Directors' interests and benefits

Directors' relevant interests in the share capital of the Chief Entity are set out above. Since the end of the previous financial year no Director of the Chief Entity has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated accounts) because of a contract made by the Chief Entity, its controlled entities or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest, other than as disclosed in note 36 to the financial statements.

Indemnities and insurance

During the financial year, Articles 12.1 to 12.4 of the Chief Entity's Articles of Association were amended to require the Chief Entity to indemnify each officer of the Company (subject to certain qualifications) against any liability incurred by the officer in or arising out of the conduct of the business of the Chief Entity or the discharge of the duties of the officer unless the liability was incurred by the officer through his or her own dishonesty, negligence, lack of good faith or breach of duty. The Directors on page 17 above and the Secretaries of the Chief Entity, being Brett Johnson, Steve Heesh and until 3 July 1995, Les Fisk, have the benefit of the indemnity in Articles 12.1 to 12.4, which also applies to all officers of the Company.

During the year the Chief Entity paid a premium in respect of a contract insuring all Directors of the Chief Entity, as listed on page 17 above, all Directors of related bodies corporate of the Chief Entity, and other officers of the Chief Entity and its related bodies corporate, against liabilities incurred in their capacity as Director or officer, as the case may be, of the Chief Entity or related body corporate.

The contract prohibits disclosure of the nature of the liabilities and the amount of premium paid. The Corporations Law does not require disclosure of this information in these circumstances.

Rounding

The Chief Entity is of a kind referred to in Class Order No. 94/1253 dated 17 August 1994 issued by the Australian Securities Commission, relating to the rounding off of amounts in the Directors' report and financial statements. Amounts in this report and accompanying financial statements have been rounded off to the nearest one hundred thousand dollars in accordance with that Class Order unless otherwise indicated.

Signed in accordance with a Resolution of the Directors:

Gary Pemberton

Chairman

James Strong
Managing Director

James strong

Dated at Sydney this twentieth day of September 1995.

profit and loss accounts for the year ended 30 June 1995

	Notes	Consolidated		Chief Entity	
		1995 \$m	1994 \$m	1995 \$m	1994 \$m
Operating profit before interest and tax		471.4	480.0	237.1	275.0
Net interest expense	2	(151.0)	(178.2)	(119.4)	(126.9)
Profit from operations		320.4	301.8	117.7	148.1
Abnormal items	3		(64.9)		(57.9)
Operating profit	2	320.4	236.9	117.7	90.2
Income tax expense attributable to operating profit	4	(140.1)	(80.8)	(59.1)	(47.9)
Operating profit after income tax		180.3	156.1	58.6	42.3
Outside equity interests in operating profit		(0.2)	(0.2)		_
Operating profit after income tax attributable					
to members of the Chief Entity	26	180.1	155.9	58.6	42.3
Retained profits at the beginning of the financial year		593.0	437.9	472.4	430.1
Adoption of Accounting Standard AASB 1028:					
Accounting for Employee Entitlements	1 (m)	(15.7)	-	(8.8)	_
Total available for appropriation		757.4	593.8	522.2	472.4
Dividends provided for or paid	31	(45.0)	(8.0)	(35.4)	
Retained profits at the end of the financial year		712.4	593.0	486.8	472.4

The profit and loss accounts above are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 23 to 58.

balance sheets as at 30 June 1995

	Notes	es Consolidated		Chief Entity	
		1995 \$m	1994 \$m	1995 \$m	1994 \$m
Current assets					
Cash	8	23.5	58.7	2.7	194.5
Receivables	9	1,389.5	1,199.7	1,620.6	\$409.5
Inventories	10	150.6	115.7	79.8	69.3
Other	12	47.0	38.7	34.3	27.7
Total current assets		1,610.6	1,412.8	1,737.4	1,701.0
Non-current assets Receivables	9	1,990.8	1,500.3	2,530.5	2,088.8
Investments	11	225.2	221.1	367.3	373.9
Property, plant and equipment Intangibles	13 14	5,045.3 10.0	5,000.1 11.7	3,407.7	3,250.4 —
Other	12	46.6	65.8	14.6	17.9
Total non-current assets		7,317.9	6,799.0	6,320.1	5,731.0
Total assets		8,928.5	8,211.8	8,057.5	7,432.0
Current liabilities					
Creditors and borrowings	15	1,254.0	1,172.7	1,331.8	1,182.7
Provisions	16	314.0	226.2	214.3	143.4
Other	17	594.7	600.1	560.4	560.4
Total current liabilities		2,162.7	1,999.0	2,106.5	1,886.5
Non-current liabilities					
Creditors and borrowings	15	3,546.2	3,259.4	3,109.9	2,795.5
Provisions	16	554.6	418.8	414.1	343.5
Other	17	387.1	368.3	364.9	350.8
Total non-current liabilities		4,487.9	4,046.5	3,888.9	3,489.8
Totalliabilities		6,650.6	6,045.5	5,995.4	5,376.3
Net assets		2,277.9	2,166.3	2,062.1	2,055.7
Shareholders' equity					
Share capital	18	1,000.0	1,000.0	1,000.0	1,000.0
Reserves	19	564.2	572.2	575.3	583.3
Retained profits		712.4	593.0	486.8	472.4
Shareholders' equity attributable to members					
of the Chief Entity Outside equity interests in controlled entities	20	2,276.6 1.3	2,165.2 1.1	2,062.1	2,055.7
	20				
Total shareholders' equity		2,277.9	2,166.3	2,062.1	2,055.7

The balance sheets above are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 23 to 58.

statements Of cash flows for the year ended 30 June 1995

	Consolidated		Chief Entity	
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
Cash flows from operating activities				
Receipts from customers	7,146.0	6,696.9	6,385.8	6,145.8
Payments to suppliers and employees	(6,159.2)	(5,783.4)	(5,795.3)	(5,174.5)
Interest received	59.4	51.4	77.2	69.9
Interest paid	(199.8)	(234.9)	(181.5)	(199.9)
Dividends received	14.6	10.9	1.3	8.0
Income taxes paid	(7.2)	(11.9)	(1.9)	(1.2)
Net cash provided by operating activities (refer note 35)	853.8	729.0	485.6	840.9
Cash flows from investing activities				
Payments for property, plant and equipment	(467.2)	(256.0)	(425.2)	(232.8)
Proceeds from sale of non-current assets	33.4	14.0	23.6	9.0
Proceeds from sale and leaseback of non-current assets	217.9	92.3	217.9	-
Proceeds from sale of investments		3.7		_
Payments for investments net of cash acquired	(5.4)	(5.3)	(5.0)	
Net funding to related parties		3.5	37.0	(928.8)
Net cash used in investing activities	(221.3)	(147.8)	(151.7)	(1,152.6)
Cash flows from financing activities				
Proceeds from borrowings	48.6	525.4	40.9	525.4
Net repayments of swaps	(117.8)	(93.1)	(110.5)	(93.1)
Repayments of borrowings	(437.6)	(212.7)	(377.9)	(111.9)
Net bank loan/commercial paper repayments		(860.6)		_
Dividends paid	(9.4)	(1.4)		_
Net cash provided by/(used in) financing activities	(516.2)	(642.4)	(447.5)	320.4
Reconciliation of cash provided by/(used in):				
Operating activities	853.8	729.0	485.6	840.9
Investing activities	(221.3)	(147.8)	(151.7)	(1,152.6)
Financing activities	(516.2)	(642.4)	(447.5)	320.4
Net increase/(decrease) in cash held	116.3	(61.2)	(113.6)	8.7
Cash at the beginning of the financial year	277.6	338.7	278.8	270.1
Effects of exchange rate changes on cash held in foreign currencies	0.3	0.1		
Cash at the end of the financial year (refer note 35)	394.2	277.6	165.2	278.8

The statements of cash flows above are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 23 to 58.

notes to and forming part of the financial statements

note 1 statement of significant accounting policies

In order to assist in an understanding of the figures presented, the following summarises the significant policies which have been adopted in the preparation of these financial statements.

(a) basis of preparation

The financial statements have been drawn up in accordance with applicable Accounting Standards, the Corporations Law and Schedule 5 to the Corporations Regulations. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of noncurrent assets. Unless otherwise noted, the accounting policies have been consistently applied with those of the previous year.

(b) principles of consolidation

The consolidated accounts comprise the accounts of Qantas Airways Limited, being the Chief Entity, and its controlled entities as at 30 June 1995 and the results of all controlled entities for the year then ended (refer note 26). Results of controlled entities which were acquired or disposed of during the year are included from the date control commenced or to the date control ceased. The consolidation process eliminates inter-entity balances and transactions. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated profit and loss account and balance sheet respectively.

(c) foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions, except those subject to specific hedging arrangements, are translated to Australian currency at the rate of exchange ruling at the date of each transaction. At balance date, amounts receivable and payable in foreign currencies are translated at rates of exchange ruling at that date. Resulting exchange differences are brought to account as exchange gains or losses in the profit and loss account, in the financial year in which the exchange rate changes.

Translation of controlled foreign entities

All controlled entities incorporated overseas are self-sustaining foreign operations and as such their assets and liabilities are translated at the rates of exchange ruling at the balance date. The profit and loss accounts are translated at the average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Hedging of foreign currency commitments

Gains and losses on derivatives used to hedge the purchase or sale of capital equipment, goods and services are deferred in the balance sheet and included in the related purchase or sale. Net deferred losses associated with hedges of foreign currency revenues relating to future transportation services are included in the balance sheet as receivables. As at 30 June 1995, the net amount deferred was \$849.4 million (1994: \$409.1 million). These losses will be included in the measurement of the relevant future foreign currency revenues at the time the transportation services are provided.

Revenues and expenses from currency swap transactions and amounts owing to/from swap counterparties are set-off and disclosed on a net basis where the requirements of approved Accounting Standard AASB 1014: Set-off and Extinguishment of Debt are satisfied.

(d) derivative financial instruments

The Economic Entity is subject to foreign currency, interest rate and jet fuel price risks. Derivative financial instruments are used to hedge these risks. Economic Entity policy is not to enter, issue or hold derivative financial instruments for trading purposes.

Gains and losses on derivatives used as hedges are accounted for on the same basis as the underlying exposures to which they relate. Accordingly, hedge gains and losses are included in the profit and loss account when the gains and losses arising on the related hedged position are recognised in the profit and loss account. Further details are outlined in note 30.

(e) revenue received in advance

Passenger and freight sales are credited to revenue received in advance and subsequently transferred to revenue when tickets are utilised or freight uplifted. The liability relating to sales of other airlines' tickets is included in trade creditors.

(f) taxation

The Economic Entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different years for income tax and accounting purposes is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability. Future income tax benefits relating to timing differences are not brought to account as an asset unless realisation is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account as an asset when their realisation is considered to be virtually certain.

Capital gains tax is provided in the financial statements in the year in which an asset is sold. Capital gains tax is not provided for when an asset is revalued.

The Economic Entity is taxed as a public company and provides for income tax in overseas countries where a liability exists. Generally these taxes are assessed on a formula or percentage basis of sales.

(g) inventories and work in progress

Engineering expendables, consumable stores and work in progress which are held for consumption are valued at weighted average cost, less any applicable allowance for obsolescence. Assets held for disposal are valued at the lower of cost and net realisable value.

(h) non-current assets

The carrying amounts of non-current assets are reviewed at least annually to determine whether or not they are stated in excess of their recoverable amounts, Assets which primarily generate cash flows such as aircraft are assessed on an individual basis whereas infrastructure assets are examined on a class by class basis, and compared to net surplus cash inflows. Expected net cash flows used in determining recoverable amounts have been discounted to their net present value, using a rate reflecting the cost of funds.

Appropriate provisions are made where the carrying amount exceeds recoverable amount.

To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve for the same class of assets, the decrement is debited directly to the reserve. Otherwise the decrement is recognised as an expense in the profit and loss account.

(i) investments

All investments are recorded at the lower of cost and recoverable amount.

Controlled entities

Dividend income from controlled entities is included in revenue of the Chief Entity when proposed.

Associated companies

An associated company is one in which the Economic Entity exercises significant influence, but not control. Dividend income from associated companies is included in revenue when received.

Other entities

Dividends from investments in corporations which are not controlled entities or associated companies are included in revenue when received.

(j) property, plant and equipment

Cost and valuation

Freehold land and buildings and leasehold improvements are independently valued at least every three years.

Major modifications to aircraft and the costs associated with placing the aircraft into service are capitalised as part of the cost of the asset to which they relate. All aircraft maintenance costs are expensed as incurred.

Depreciation and amortisation

Depreciation and amortisation are provided on a straight-line basis on all property, plant and equipment, other than freehold and leasehold land, at rates calculated to allocate the cost or valuation less estimated residual value at the end of the useful lives of the assets, over their estimated useful lives. The principal asset depreciation periods are:

	Years	Residuals %
Jet aircraft and spare engines	20	o-25
Non-jet aircraft and spare engines	10-30	O-20
Aircraft spare parts	15-20	O-25
Buildings and leasehold improvements	10-50	0
Plant and equipment	3-10	0

Depreciation rates are reviewed annually and reassessed having regard to commercial and technological developments.

Leased and hire purchased assets

Leased assets under which the Economic Entity assumes substantially all the risks and benefits of ownership are classified as finance leases and capitalised.

At the inception of the lease, a lease asset and liability equal to the present value of the minimum lease payments are created. Any deferred gains and losses under sale/leaseback arrangements are included as part of the cost of the leased asset.

Capitalised leased assets are amortised on a straight-line basis over the period in which benefits are expected to arise from the use of those assets. Lease payments are allocated between the reduction in the principal component of the lease liability and interest expense.

In respect of a number of finance leases, debt funding has been provided to the lessor. This debt funding has been offset against the lease liability and the balance sheet reflects the net position (refer note 21). Interest received on the debt funding is also offset against interest paid (refer note 2).

Hire purchased assets are accounted for in the same way as finance leases.

Operating lease payments are charged to the profit and loss account in the years in which they are incurred.

In respect of any premises rented under long-term operating leases which are subject to subtenancy agreements, provision is made for any shortfall between primary payments by the Economic Entity to the head lessor less any recoveries from subtenants. These provisions are determined on a discounted cash flow basis, using a rate reflecting the cost of funds.

Non-cancellable operating leases

Noncancellable operating leases are generally for a term of 12 years extendable at the option of the Chief Entity to 15 years. The leases are non-cancellable on the basis that there are likely to be financial penalties associated with a termination prior to year 12.

(k) intangible assets

Goodwill

Goodwill representing the excess of the purchase consideration over the fair values of net assets acquired is amortised on a straight-line basis over the period in which future benefits are expected to arise, or 20 years, whichever is the shorter.

Other intangible assets

Trademarks, tradenames and licences are amortised on a straight-line basis over the period in which future benefits are expected to arise, or 20 years, whichever is the shorter.

(I) frequent flyer liability

The obligation to provide travel rewards to members of the Frequent Flyer programme is progressively accrued as a current liability as points are accumulated. This accrual is based on the incremental cost of ultimately providing the travel rewards. As members redeem awards or their entitlements expire, the accrual is reduced accordingly to reflect the acquittal of the outstanding obligation.

(m) employee entitlements

Wages and salaries, annual leave, sick leave and statutory entitlements

Provision is made for benefits accruing to employees for annual leave, including leave loading, sick leave vesting to employees and statutory overseas termination entitlements. This provision represents the amount which the Economic Entity has a present obligation to pay resulting from employees' services provided at balance date. The provision has been calculated on current wage and salary rates, and includes all related on-costs.

Long service leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to balance date. Liabilities for employee entitlements which are not expected to be settled within 12 months are discounted using rates attached to national government securities at balance date which most closely match the terms of maturity of the related liability. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and experience with staff turnover, and the liability includes all related on-costs.

Superannuation

The Economic Entity contributes to employee superannuation funds. Contributions to these funds are recognised in the profit and loss account as they are made. Further details are disclosed in note 25.

AASB 1028: Accounting for Employee Entitlements

Employee entitlements have been calculated in accordance with AASB 1028: Accounting for Employee Entitlements which came into effect during the year. The financial effect of this adoption has been to decrease retained profits at the beginning of the financial year by \$15.7 million (Chief Entity: \$8.8 million). Further details are disclosed in note 29.

(n) workers' compensation

The Chief Entity is a licensed self-insurer under the New South Wales Workers' Compensation Act and has made provision for all assessed NSW workers' compensation liabilities based on an independent actuarial assessment. Workers' compensation liabilities for non New South Wales employees are insured commercially.

Australian Airlines Limited, a controlled entity, has made provision for outstanding self-insured pre-1 July 1989 workers' compensation claims including an estimate for incurred but non-reported claims, both based on an independent actuarial assessment. Post-I July 1989, all workers' compensation liabilities have been insured commercially.

(o) deferred lease benefits/obligations

Gains/losses on instantaneous sale and operating leaseback of aircraft and benefits derived from cross-border leasing arrangements are treated as deferred lease benefits/obligations and brought to account as income/expense over the period of the respective lease.

(p) earnings per share

Earnings per share is determined by dividing the Economic Entity's operating profit after income tax attributable to members of the Chief Entity by the weighted average number of ordinary shares on issue during the current financial year. No ordinary shares were issued during the current financial year (refer note 33).

(q) segment information

Segment information is provided in note 32.

Industry segments

The Economic Entity operates predominantly in one industry, being the transportation of passengers and freight on services within and to or from Australia.

Geographical segments

Passenger, freight and contract services revenue from domestic services within Australia is attributed to the Australian area. Passenger, freight and contract services revenue from inbound and outbound services between Australia and overseas is allocated to the area where the sale was made. Other revenue is not allocated to a geographic area as it is impractical to do so.

Segmental analysis of net assets and profit contribution

The principal assets of the Economic Entity are comprised of the aircraft fleet, all of which are registered and domiciled in Australia. These assets are used flexibly across the Economic Entity's worldwide route network. Accordingly, there is no suitable basis of allocating such assets and the related liabilities between geographic areas.

Operating profit from turnover generated in each geographic area according to origin of sale is not disclosed as it is neither practical nor meaningful to allocate operating expenditure on that basis.

(r) statements of cash flows

For the purposes of the statements of cash flows (refer note 35), cash includes cash on hand, at bank and money market investments readily convertible to cash, net of outstanding bank overdrafts and short-term cash borrowings. Bank loans obtained through the use of commercial paper funding facilities and funding provided to related parties have been disclosed on a net basis due to the rapid turnover and the high volume of transactions.

(s) comparative figures

Where necessary, comparative figures have been adjusted to reflect disclosure on a comparable basis with current year figures.

	Con	solidated	Chi	ef Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 2 operating profit				
Operating profit before income tax has been				
determined after including:				
Revenue				
Sales revenue				
Related parties				
 controlled entities 		_	109.9	101.0
- associated companies	84.5	64.6	59.6	45.1
Other persons/bodies corporate	7,078.4	6,455.9	6,213.8	5,766.2
Other revenue				
Interest received/receivable from				
Related parties			40.0	40.0
_ controlled entities		- 0.4	18.6	19.2
- associated companies	CC E	0.1	CO 2	40.0
Other persons/bodies corporate Dividends received/receivable from	66.5	48.9	62.3	46.3
Related parties				
·			0.3	0.2
_ controlled entities	1.9	10.3	0.3	0.2
 associated companies Other persons/bodies corporate 	12.6	0.6	1.0	0.6
Proceeds from sale of non-current assets	33.4	17.7	23.6	9.0
Troccus from said of non-current assets				
Operating revenue	7,276.3	6,598.1	6,489.1	5,987.6
Proceeds from sale/leaseback of non-current assets	01.7.0	00.0	015 0	
Other persons/bodies corporate	217.9	92.3	217.9	
Total revenue including proceeds fromsale/leaseback				
of non-current assets	7,494.2	6.690.4	6,707.0	5.987.6
Other items credited				
Transfer from deferred lease benefits	28.2	30.5	28.2	28.3
Profit on sale of non-current assets	10.6	5.0	0.6	1.9
	38.8	35.5	28.8	30.2

	Cons	olidated	Chie	f Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 2 operating profit continued				
Expenditure				
Depreciation				
Buildings	5.9	6.0	3.0	2.9
Leasehold improvements	36.8	34.9	19.0	16.9
Plant and equipment	80.2	86.5	38.8	40.1
Aircraft and engines	78.9	48.0	64.5	20.9
Aircraftspaperts and general stores	15.5	18.3	12.3	12.2
Total depreciation	217.3	193.7	137.6	93.0
Amortisation				
Leasehold land and buildings	1.5	1.4	0.9	0.9
Leased plant and equipment	7.9	8.3		_
Leased aircraft and engines	159.8	155.4	106.0	102.3
Leased aircraft spare parts and stores	1.5	1.5		_
Goodwill	0.5	0.5		_
Expenditure carried forward	4.5	0.2	1.8	_
Trademarks, tradenames and licences	1.2	1.0		_
Total amortisation	176.9	168.3	108.7	103.2
Interest paid/payable to				
Related parties				
- controlled entities		_	11.0	5.9
Other persons/bodies corporate				
- finance charges on capitalised leases	104.3	114.9	67.7	69.8
- interest received on portion of debt funded to the lessor	(14.9)	(16.3)		_
	89.4	98.6	78.7	75.7
_ other interest	127.1	128.6	121.6	116.7
Total interest paid/payable	216.5	227.2	200.3	192.4
Net operating foreign currency loss/(gain)	(6.7)	11.3	(7.9)	10.5
Loss on sale of non-current assets	(/	1.5	(222)	_
Amounts set aside to/(from) provisions				
Doubtful debts	1.7	2.1	1.7	3.6
Employee entitlements	57.6	35.3	48.1	29.9
Insurance	9.4	8.7	6.2	4.6
Staff redundancy and restructuring costs	15.7	- -	14.8	-
Allowance for inventory obsolescence	(5.6)	3.1	(2.6)	7.5
Operating lease charges	(0.0)	5.1	(2.0)	7.5
Noncancellable	339.2	333.3	339.2	333.3
Cancellable	130.6	128.8	85.1	
Capacity hire – aircraft	95.4	87.9	95.1	88.6
Write-downs to recoverable amount	70.4	6.10	30:T	86.8
Investments in controlled entities			11 1	
Investments in associated companies	-	4 2	11.1	
- Trockmonto in accordated companies		4.3		

	Consc	olidated	Chief	Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 3 abnormal items				
Included in operating profit are the following abnormal items credited/(charged):				
Provision for under-recovery of rentals on sub-let premises Income tax effect		(24.9) 8.2		(24.9) 8.2
	_	(16.7)		(16.7)
Write-down of jet aircraft to recoverable amount Income tax effect		(21.0)		(21.0)
		(21.0)		(21.0)
Provision for staff redundancy and restructuring costs Income tax effect		(19.0) 6.3		(12.0) 4.0
		(12.7)		(8.0)
Restatement of deferred income tax balances on change in income tax rate Income tax effect	(24.0)	- -	(19.4)	- -
	(24.0)	-	(19.4)	_
Total abnormal items Total income tax effect	(24.0)	(64.9) 14.5	(19.4)	(57.9) 12.2
Total abnormal items after income tax	(24.0)	(50.4)	(19.4)	(45.7)

	Consc	olidated	Chief	Entity
	1995 Sm	1994 \$m	1995 \$m	1994 \$m
note 4 income tax				
The prima facie income tax on operating profit differs from the income tax charged in the accounts and is calculated as follows:				
Operating profit before income tax	320.4	236.9	117.7	90.2
Prima facie income tax expense at 33% Add/(less) adjustments for: Non-assessable income	105.7	78.2	38.8	29.8
Deferred lease benefits Other non-assessable items Non-deductible expenditure	(5.5) (3.5)	(6.0) (0.3)	(5.5)	(6.0) -
Depreciation on buildings	3.5	4.6	3.5	4.3
Research and development	(1.3)	(2.8)	(1.2)	(2.8)
Other nondeductible items	17.5	5.5	12.4	15.6
Under/(over) provision prior years	(0.3)	(5.3)	(8.3)	0.1
Abnormal items				
Write-down to recoverable amount		6.9		6.9
Change in income tax rate	24.0	_	19.4	_
Total income tax expense	140.1	80.8	59.1	47.9
Comprising:				
Australian income tax expense	133.7	72.9	60.8	43.4
Overseas income tax expense	6.4	7.9	(1.7)	4.5
	140.1	80.8	59.1	47.9
The income tax expense represents:				
Provision for income tax				
- Australia		14.6		
- overseas	2.8	5.0		5.4
Provision for deferred income tax	124.8	59.9	62.4	43.2
Future income tax benefit	14.6	12.3		-
Under/(over) provision prior years	(2.1)	(11.0)	(3.3)	(0.7)
	140.1	80.8	59.1	47.9
The provision for deferred income tax is reduced by future				
income tax benefits attributable to tax losses to the amount of:	181.7	221.6	78.7	83.6

Of the \$181.7 million relating to carried forward tax losses of the Economic Entity at 30 June 1995, \$77.7 million (1994: \$107.1 million) relates to pre-acquisition carried forward tax losses quarantined in the Australian Airlines Limited group which are only available for offset against future taxable income generated by the Australian Airlines Limited group.

The future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the ability of the Economic Entity to realise the benefit.

Consol	idated	Chief I	Entity
1995	1994	1995	1994

note 5 directors' remuneration

Directors' income

The number of Directors of the Chief Entity whose income from the Chief Entity and related bodies corporate falls within the following specified bands:

20,000 - 29,999	\$				
40,000 - 49,999 3 3 3 3 5 5 5 9 9 9 2 2 4 4 6 6 6 6 9 9 9 2 2 2 2 2 4 6 6 6 6 6 9 9 9 2 2 2 2 2 2 2	0 - 9,999			2	3
\$50,000 - 59,999	20,000 - 29,999			1	-
60,000 69,999	40,000 - 49,999			3	3
70,000 - 79,999	50,000 - 59,999			2	4
130,000 - 139,999	60,000 69,999			2	_
200,000 209,999	70,000 - 79,999			_	1
310,000 - 319,999 530,000 - 539,999 720,000 729,999 1,270,000 - 1,279,999 1,320,000 - 1,329,999 1 Total income received, or due and receivable by Directors of the Chief Entity from the Chief Entity or related bodies corporate (includes Directors' fees of \$0.5 million (1994: \$0.6 million)) Total income received, or due and receivable by directors of each entity in the Economic Entity from the Chief Entity or related bodies corporate or controlled entities (including Directors' fees of	130,000 - 139,999			1	-
530,000 - 539,999 720,000 729,999 1,270,000 - 1,279,999 1,320,000 - 1,329,999 1995 \$m\$ 1994 \$m\$ \$m\$ 1995 \$m\$ \$m\$ \$m\$ Total income received, or due and receivable by Directors of the Chief Entity from the Chief Entity or related bodies corporate (includes Directors' fees of \$0.5 million (1994: \$0.6 million)) Total income received, or due and receivable by directors of each entity in the Economic Entity from the Chief Entity or related bodies corporate or controlled entities (including Directors' fees of	200,000 209,999			_	1
720,000 729,999 1,270,000 - 1,279,999 1,320,000 - 1,329,999 1995 1994 1995 \$m \$	310,000 - 319,999				1
1,270,000 - 1,279,999 1,320,000 - 1,329,999 1995 Sm 1994 Sm 1994 Sm 1995 Sm 1994 Sm 1994 Sm 1995 Sm 1994 Sm	530,000 - 539,999			1	_
1,320,000 - 1,329,999 1995	720,000 729,999				1
Total income received, or due and receivable by Directors of the Chief Entity from the Chief Entity or related bodies corporate (includes Directors' fees of \$0.5 million (1994: \$0.6 million)) Total income received, or due and receivable by directors of each entity in the Economic Entity from the Chief Entity or related bodies corporate or controlled entities (including Directors' fees of	1,270,000 - 1,279,999			1	-
Total income received, or due and receivable by Directors of the Chief Entity from the Chief Entity or related bodies corporate (includes Directors' fees of \$0.5 million (1994: \$0.6 million)) Total income received, or due and receivable by directors of each entity in the Economic Entity from the Chief Entity or related bodies corporate or controlled entities (including Directors' fees of	1,320,000 - 1,329,999				1
of the Chief Entity from the Chief Entity or related bodies corporate (includes Directors' fees of \$0.5 million (1994: \$0.6 million)) Total income received, or due and receivable by directors of each entity in the Economic Entity from the Chief Entity or related bodies corporate or controlled entities (including Directors' fees of					1994 \$m
entity in the Economic Entity from the Chief Entity or related bodies corporate or controlled entities (including Directors' fees of	of the Chief Entity from the Chief Entity or related bodies corporate			2.4	3.0
	entity in the Economic Entity from the Chief Entity or related bodies				
		4.1	5.3		

The above amounts are disclosed in accordance with an Australian Securities Commission Class Order dated 13 October 1994. Directors' remuneration includes salaries, performance bonuses, other non-cash benefits, retirement and resignation payments as applicable.

20.0

16.4

	Conso	lidated	Chief	Entity
	1995	1994	1995	1994
note 6 executives' remuneration				
The number of executive officers of the Chief Entity whose income				
from the Chief Entity or related bodies corporate within the Economic				
Entity falls within the following bands:				
\$				
100,001 - 110,000	9	16	8	12
110,001 - 120,000	17	14	12	12
120,001 - 130,000	15	8	12	6
130,001 - 140,000	15	19	15	18
140,001 - 150,000	12	3	12	3
150,001 - 160,000	9	5	7	2
160,001 - 170,000	6	3	2	2
170,001 - 180,000	8	1	7	1
180,001 - 190,000		2		2
190,001 200,000	1	2		2
200,001 - 210,000	-	3	1	3 1
210,001 - 220,000	1	1	1	_
220,001 - 230,000	3	-	3	_
230,001 - 240,000	1		1	_
240,001 250,000	1 3	2	3	1
250,001 260,000	3	1	3	1
260,001 270,000	1	2	1	2
270,001 - 280,000 280,001 - 290,000	4	-	4	_
290,001 - 290,000	1	3	1	3
300,001 310,000	2	_	2	_
310,001 320,000		3		3
320,001 330,000	1		1	
330,001 - 340,000	1	-	1	_
370,001 - 380,000	1	-	1	_
380,001 390,000	1	1	1	1
390,001 - 400,000	1	_	1	-
420,001 - 430,000		1		1
440,001 - 450,000	1	-	1	
450,001 460,000		1	_	1
460,001 - 470,000	1	-	1	_
510,001 - 520,000	_	1		1
520,001 530,000	1	1	1	1
530,001 - 540,000	1	-	1	1
540,001 - 550,000		1	1	1
550,001 - 560,000	1	_	1	1
720,001 - 730,000	1	ı	1	<u>'</u>
1,270,001 - 1,280,000 1,320,001 1,330,000	1	1	_	1
1,320,001 1,330,000		'		
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
	ЭIII	φιιι	ΨIII	ψΠ
Total income received, or due and receivable, from the Chief Entity,				
entities in the Economic Entity, and related bodies by executive				
			_	

Executives who work wholly or mainly outside Australia are excluded from the above disclosures. Executives' remuneration includes salaries, performance bonuses, other non-cash benefits, retirement and resignation payments as applicable. The comparatives have been adjusted to conform with the definition of an executive officer adopted in the current year.

22.6

18.4

officers whose income exceeds \$100,000

	Consolidated		Chi	ef Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 7 auditors' remuneration				
Amounts received or due and receivable for audit services by: – Auditors of the Chief Entity	0.7	0.7	0.4	0.4
Amounts received, or due and receivable for other services by: - Auditors of the Chief Entity	1.9	1.2	1.9	1.2
note 8 cash				
Current				
Cash on hand	2.9	2.4	2.7	2.3
Cash at bank	18.4	6.8		145.6
Cash on call	2.2	49.5	<u> </u>	46.6
	23.5	58.7	2.7	194.5
Current Trade debtors Less: provision for doubtful debts	821.7 8.0	786.8 9.2	784.2 7.3	741.7 7.3
	813.7	777.6	776.9	734.4
Trade debtors Related parties	013.7	777.0	770.0	70
- controlled entities		_	49.5	37.2
- associated companies	11.6	16.6	8.4	11.8
Loans owing from				
Related parties				
- controlled entities	_	_	231.1	234.2
Other persons/bodies corporate		1.9		1.7
Bills of exchange and promissory notes	208.9	133.0	208.9	133.0
Aircraft security and term deposits	22.5	18.9	22.5	18.9
Negotiable securities	147.5	74.2	147.5	74.2
Net receivables under hedge/swap contracts	117.4	69.1	117.4	
Sundry debtors				69.1
				69.1
Related parties			0.4	
 controlled entities 	-	-	0.4	69.1
controlled entitiesassociated companies	- - 67.9	- 0.7 107.7		0.1
 controlled entities 	_ _ 	0.7 107.7 1,199.7	0.4 58.0 1,620.6	

	Cons	solidated	Chi	ef Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 9 receivables continued				
Non-current				
Loans owing from				
Related parties				
_ controlled entities		_	635.6	670.1
_ associated companies	21.7	34.5	11.8	17.2
Other persons/bodies corporate	74.5	65.6	58.2	65.3
Bills of exchange	7.6	70.2	7.6	70.2
Aircraft security and term deposits	393.7	372.7	367.8	344.7
Net receivables under hedge/swap contracts	1,452.5	924.6	1,431.2	910.8
Sundry debtors				
Other persons/bodies corporate	40.8	32.7	18.3	10.5
	1,990.8	1,500.3	2,530.5	2,088.8

Non-current bills of exchange and aircraft security and term deposits (current and noncurrent) have been pledged as security to providers of aircraft finance.

note 10 inventories

^	

At cost				
Engineering expendables	99.0	93.8	64.1	60.6
Less: allowance for obsolescence	17.8	23.4	15.2	17.8
	81.2	70.4	48.9	42.8
Consumable stores	16.2	16.6	12.4	12.2
Work in progress	18.0	17.7	16.6	12.9
	115.4	104.7	77.9	67.9
At realisable value				
Aircraft spapearts held for disposal	7.2	11.0	1.9	1.4
Property assets held for disposal	28.0	_		_
	150.6	115.7	79.8	69.3

	Consc	olidated	Chief	f Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 11 investments				
Non-current				
Investments listed on prescribed stock exchange at cost				
Associated companies (refer note 27)		210.5		_
Other corporations	210.5			_
Unlisted investments at cost				
Controlled entities (refer note 26)		_	356.6	367.7
Associated companies (refer note 27)	3.5	3.5	1.0	1.0
Other corporations	9.6	5.5	9.7	5.2
Partnership interest at cost	1.6	1.6		-
	225.2	221.1	367.3	373.9
Market value of listed shares				
Associated companies (refer note 27)		366.2		_
Other corporations	348.8	_		_
	348.8	366.2		_
note 12 other assets				
Current				
Advances, prepayments and other deposits	39.6	36.1	28.4	25.1
Other	7.4	2.6	5.9	2.6
	47.0	38.7	34.3	27.7
Non-current				
Future income tax benefit	22.2	36.8		_
Expenditure carried forward	12.5	17.8	4.9	6.8
Other	11.9	11.2	9.7	11.1
Other				

	Consolidated		Chref Entity	
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 13 property, plant and	d equipmen	t		
Non-current				
Freehold land				
At cost	12.3	12.7		-
Directors' valuation 1992	58.2	64.5	58.2	64.5
Directors' valuation 1993	3.4	9.2	3.4	3.4
Directors' valuation 1994		3.2		_
Directors' valuation 1995	4.8	_		_
	78.7	89.6	61.6	67.9
Leasehold land				
Leasehold land at cost	1.6	1.6		_
Leasehold improvements				
At cost	638.7	612.3	307.6	279.1
Less: accumulated depreciation	293.5	261.1	135.7	118.7
	345.2	351.2	171.9	160.4
Buildings				
At cost	40.6	39.3	16.4	15.7
Directors' valuation 1992	47.6	48.6	47.6	48.6
Directors' valuation 1994	12.3	37.5		_
Directors' valuation 1995	0.9	-		_
	101.4	125.4	64.0	64.3
Less: accumulated depreciation				
At cost	13.4	11.5	9.7	9.3
Directors' valuation 1992	8.3	5.9	8.3	5.9
Directors' valuation 1994	0.5	-		_
	22.2	17.4	18.0	15.2
	79.2	108.0	46.0	49.1
Leased at cost	52.6	52.6	29.0	29.0
Less: accumulated amortisation	22.9	21.3	9.9	9.0
	29.7	31.3	19.1	20.0
Total buildings at cost and valuation	154.0	178.0	93.0	93.3
Less: accumulated depreciation/amortisation	45.1	38.7	27.9	24.2
	108.9	139.3	65.1	69.1

	Consolidated		Chief Entity	
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 13 property, plant and	equipmer	nt continued		
Aircraft and engines				
Owned at cost Less: accumulated depreciation	1,385.4 413.0	1,181.9 309.8	1,065.2 372.0	889.4 285.5
	972.4	872.1	693.2	603.9
Hire purchased at cost Less: accumulated depreciation	2,257.6 412.8	2,100.9 337.3	2,062. 7 390.7	1,905.6 323.4
	1,844.8	1,763.6	1,672.0	1,582.2
Leased At cost Directors' valuation 1994	1,158.4 29.3	1,178.5 29.3	286.5 29.3	307.3 29.3
	1,187.7	1,207.8	315.8	336.6
Less: accumulated amortisation At cost Directors' valuation 1994	174.5 6.5	125.1	51.5 6.5	47.7
	181.0	125.1	58.0	47.7
	1,006.7	1,082.7	257.7	288.9
Total aircraft and engines at cost	4,830.7	4,490.6	3,443.7	3,131.6
Less: accumulated depreciation/amortisation	1,006.8	772.2	820.7	656.6
	3,823.9	3,718.4	2,623.0	2,475.0
Aircraft spare parts				
Owned at cost	293.1	286.1	240.2	226.0
Less: accumulated depreciation	120.7	103.4	100.8	83.4
	172.4	182.7	139.4	142.6
Leased at cost Less: accumulated amortisation	33.3 13.2	35.3		-
Less. accumulated amortisation	20.1	12.1 23.2		
Total aircraftpatearts at cost Less: accumulated depreciation/amortisation	326.4 133 . 9	321.4 115.5	240.2 100.8	226.0 83.4
2000. accumulated approvation/amortisation	192.5	205.9	139.4	142.6
Manufacturers' deposits				
Progress payments at cost	102.0	103.0	102.0	100.1

	Consolidated		Chi	ef Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 13 property, plant and ed	guipmer	it continued		
Plant and equipment	• •			
Owned at cost	812.3	741.6	538.2	494.4
Less: accumulated depreciation	434.1	362.7	293.5	259.1
	378.2	378.9	244.7	235.3
Leased at cost	28.3	25.0		
Less: accumulated amortisation	14.0	12.8		-
	14.3	12.2		_
Total plant and equipment at cost	840.6	766.6	538.2	494.4
Less: accumulated depreciation/amortisation	448.1	375.5	293.5	259.1
	392.5	391.1	244.7	235.3
Total property, plant and equipment at cost				
and valuation	6,972.7	6,563.1	4,786.3	4,392.4
Less: accumulated depreciation/amortisation	1,927.4	1,563.0	1.378.6	1,142.0
	5,045.3	5,000.1	3,407.7	3,250.4
Properties				
Recent Valuations				
Freehold land and buildings based on independent				
valuations undertaken within three years of balance date	187.2	212.1	125.8	118.6
Interests in leasehold improvements where lease period				
exceeds 20 years based on independent valuations				
undertaken within three years of balance date	222.3	223.7	31.8	31.7

note 13 property, plant and equipment continued

Secured assets

Certain aircraft act as security against related financings. Under the terms of certain financing facilities entered into by the Economic Entity, the underwriters to these agreements have a fixed charge over certain aircraft and engines to the extent that debt has been issued directly to those underwriters (refer note 15).

Recent valuations

Independent valuations of property and aircraft assets (excluding aircraft spare parts) were obtained as at 30 June 1995. The valuations for each class were in excess of their carrying amounts, however no additional increments have been brought to account. Details of the valuations obtained were as follows:

	Valuation amount \$m	Carrying amount \$m	Excess \$m
Asset class			
Freehold land and buildings	187.2	157.9	29.3
Leasehold land, buildings and improvements	464.5	376.5	88.0
Aircraft and engines	4,280.7	3,823.9	456.8
	4,932.4	4,358.3	574.1

All valuations were performed on a desk-top basis. The valuations of aircraft and spare engines were expressed in United States dollars and converted to their Australian dollar equivalents based on an exchange rate of 0.72421 at 30 June 1995. The valuations were based on open market value or special use value to the Economic Entity taking into account the age and condition of the assets.

In addition, sight inspection valuations were performed on all classes of property, plant and equipment at 30 June 1994, with the exception of aircraft spare parts which were valued on a desk-top basis. These valuations were also in excess of the carrying value, with no additional increments being brought to account.

	Consolidated		Chief Entity	
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 14 intangibles				
Non-current				
Goodwill				
At cost	10.5	10.5		<u></u> .
Less: accumulated depreciation	3.0	2.5		-
	7.5	8.0		_
Trademarks, tradenames and licences				
At cost	8.2	8.3		_
Less: accumulated depreciation	5.7	4.6		_
	2.5	3.7		_
	10.0	11.7		_

	Consolidated		Chief Entity	
	1995 S m	1994 \$m	1995 \$m	1994 \$m
note 15 creditors and borrowi	ngs			
Current				
Bank overdrafts				
- unsecured		_	4.6	_
Bank loans				
- unsecured	73.7	58.5	73.7	58.5
Other loans				
Related parties				
- controlled entities		_	203.6	134.6
 associated companies 		1.6		0.8
Other persons/bodies corporate				
- secured	6.0	6.6		-
unsecured		1.9		1.9
Trade creditors				
Related parties				
- controlled entities		-	36.4	38.4
- associated companies	3.7	2.8	0.9	0.2
Other persons/bodies corporate	757.5	698.1	660.9	628.5
Sundry creditors and accruals				
Related parties				
- controlled entities			2.4	2.0
- associated companies		0.6		
Other persons/bodies corporate	92.5	110.2	64.5	60.4
Unredeemed frequent flyer liability	28.1	15.4	28.1	15.4
Finance lease and hire purchase liabilities (refer note 21)	75.3	101.3	47.0	73.5
Net payables under hedge/swap contracts	217.2	175.7	209.7	168.5
	1.254.0	1,172.7	1,331.8	1,182.7

Redeemed frequent flyer Revenue Passenger Kilometres (RPKs) as a percentage of Available Seat Kilometres (ASKs) were 1.8% for the year ended 30 June 1995 (1994: 1.7%).

Non-current				
Bank loans				
unsecured	558.5	527.7	558.5	527.7
Other loans				
Related parties				
 controlled entities 		_	0.4	1.0
Other persons/bodies corporate				
- secured	26.2	32.1		
- unsecured	759.0	728.1	759.0	728.1
Lease residual values	233.0	207.1	233.0	207.1
Finance lease and hire purchase liabilities (refer note 21)	1,320.8	1,368.3	910.3	937.1
Net payables under hedge/swap contracts	648.7	396.1	648.7	394.5
	3,546.2	3,259.4	3,109.9	2,795.5

Certain current and non-current bank loans relate to specific financings of aircraft and are secured by the aircraft to which they relate.

	Consolidated		Chie	f Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 16 provisions				
Current				
Dividends	35.7	0.1	35.4	_
Income tax				
Australia		3.0		0.7
- overseas	4.2	5.6		4.4
Employee entitlements (refer note 29)				
- annual leave	202.4	139.3	134.8	95.3
 long service leave 	28.5	31.8	18.1	20.2
Staff redundancy and restructuring costs	24.8	22.9	13.8	9.3
Loss on swap agreements	2.7	7.6		_
Under-recovery of rentals on sub-let premises	8.8	10.9	8.8	10.9
Insurance and other	6.9	5.0	3.4	2.6
	314.0	226.2	214.3	143.4
Non-current				
Employee entitlements (refer note 29)				
- long service leave	183.0	165.3	129.1	116.3
Under-recovery of rentals on sub-let premises	43.6	46.9	43.6	46.9
Insurance	28.4	23.0	15.2	11.5
Deferred income tax	299.6	183.6	226.2	168.8
	554.6	418.8	414.1	343.5
note 17 other liabilities				
Current Devenue received in advance	541.6	545.8	512.1	513.5
Revenue received in advance Deferred lease benefits	49.8	51.3	47.5	46.6
Other	3.3	3.0	0.8	0.3
	594.7	600.1	560.4	560.4
Non ourrant			300.1	30071
Non-current	240.0	215 6	200 6	200.4
Deferred lease benefits	310.8	315.6	288.6	298.1
Deferred lease income	54.3	32.7	54.3	32.7
Systems development put contracts liability	22.0	20.0	22.0	20.0
	387.1	368.3	364.9	350.8

	Cons	solidated	Chi	ef Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$n
note 18 share capital				
Authorised capital 5,000,000,000 ordinary shares of \$1 each	5,000.0	5,000.0	5,000.0	5,000.0
Issued and paid up capital 1,000,000,000 ordinary shares of \$1 each fully paid	1,000.0	1,000.0	1,000.0	1,000.0
note 19 reserves				
Share premium reserve	490.3	498.3	490.3	498.3
Asset revaluation reserve	58.6	60.2	85.0	85.0
Foreign currency translation reserve	15.3	13.7		_
	564.2	572.2	575.3	583.3
Movements in reserves:				
Share premium reserve				
Balance at the beginning of the financial year	498.3	499.4	498.3	499.4
Less: transfer of privatisation costs	8.0	1.1	8.0	1.1
Balance at the end of the financial year	490.3	498.3	490.3	498.3
Asset revaluation reserve				
Balance at the beginning of the financial year	60.2	76.0	85.0	85.0
Less: revaluation of certain non-current				
assets to their recoverable amounts	1.6	15.8		
Balance at the end of the financial year	58.6	60.2	85.0	85.0
Foreign currency translation reserve				
Balance at the beginning of the financial year	13.7	16.3		_
Net translation adjustments				
	1.6	(2.6)		_
on controlled foreign entities				

note 20 outside equity interests

Ordinary share capital of controlled entities		
issued to outside equity interests	0.1	0.1
Outside equity interests in retained profits		
of controlled entities	1.1	0.9
Outside equity interests in reserves of controlled entities	0.1	0.1
	1.3	1.1

	Con	Consolidated		ef Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 21 finance lease com	mitments			
Included in the financial statements as finance lease and hire purchase liabilities are the present values of future lease rentals of the following assets:				
Aircraft	1,361.3	1,418.9	939.1	973.9
Buildings	18.8	20.9	18.2	20.2
Computer and communications equipment	16.0	29.8		16.5
	1,396.1	1,469.6	957.3	1,010.6
Payable:				
Not later than one year	209.8	241.3	121.9	146.8
Later than oneyebut not later than two years	195.7	215.6	107.4	121.2
Later than two peatret not later than five years	624.7	584.5	323.0	314.3
Later than five years	1,122.7	1,317.9	821.1	910.3
	2,152.9	2,359.3	1,373.4	1,492.6
Less: future finance charges	614.5	723.9	416.1	482.0
Total lease liability Less: debt funded portion	1,538.4 142.3	1,635.4 165.8	957.3	1,010.6
	1,396.1	1,469.6	957.3	1,010.6
Balance represents:				
Current liability (refer note 15)	75.3	101.3	47.0	73.5
Non-current liability (refer note 15)	1,320.8	1,368.3	910.3	937.1
	1,396.1	1,469.6	957.3	1,010.6
note 22 capital expenditure	commitme	ents		
Capital expenditure commitments contracted				
but not provided for in the financial statements:				
Not later than one year	555.6	320.1	541.3	289.7
Later than one year but not later than two years	111.1	64.7	111.1	64.7

Consoli	dated	Chief I	Entity
1995	1994	1995	1994
Sm	\$m	Sm	\$m

note 23 operating lease and hire commitments

Future net operating lease and hire commitments				
not provided for in the financial statements	4,048.0	4,017.0	3,921.5	3,948.4
Payable:				
Not later than one year	620.9	538.9	591.0	523.3
Later than one near but not later than two years	601.9	525.7	577.2	513.0
Later than two years but not later than five years	1,390.8	1,325.7	1,338.3	1,311.1
Later than five years	1,434.4	1,626.7	1,415.0	1,601.0
	4,048.0	4,017.0	3,921.5	3,948.4
Less: provision for potential under-recovery of rentals				
on unused premises available for sub-lease	52.4	57.8	52.4	57.8
	3,995.6	3,959.2	3,869.1	3,890.6
Representing:				
Cancellable operating leases	1,150.7	750.4	1,024.2	681.8
Non-cancellable operating leases				
Aircraft leases	2,739.4	3,083.9	2,739.4	3,083.9
Property leases	157.9	182.7	157.9	182.7
	4,048.0	4,017 .o	3,921.5	3,948.4
Noncancellable operating lease commitments excluding				
unguaranteed residual payments, not provided for in the				
financial statements				
Payable:				
Not later than one year	459.4	428.8	459.4	428.8
Later than one year but not later than two years	460.3	433.4	460.3	433.4
Later than two years but not later than five years	1,035.4	1,138.4	1,035.4	1,138.4
Later than five years	942.2	1,266.0	942.2	1,266.0
	2,897.3	3,266.6	2,897.3	3,266.6

In respect of the Chief Entity's noncancellable operating leases, the market value of jet aircraft at 30 June 1995 based on an independent desk-top valuation was \$2,274.3 million (1994: \$2,464.8 million), compared to an implied carrying value of \$1,904.1 million (1994: \$2,114.2 million) had the leased assets been capitalised on inception.

Should there be a review of the Accounting Standard applicable to leasing of assets, leading to a requirement for capitalisation of noncancellable operating leases, the effect on the balance sheet of the Economic Entity would be:

	Con	solidated
	1995 \$m	1994 \$m
Total assets	10,914.3	10,345.0
Less: total liabilities	8,960.9	8,444.1
Total shareholders' equity	1,953.4	1,900.9

	Consc	olidated	Chief Entity		
	1995 \$m	1994 \$m	1995 \$m	1994 \$m	
note 24 cont ngent liabilities					
Related parties					
Guarantees to support borrowings and finance lease commitments by controlled entities Guarantees and letters of comfort to support	47.5	59.1	21.5	29.4	
operating lease commitments and other arrangements entered into by controlled entities	99.6	48.2	98.9	46.5	
Guarantees and letters of comfort to support					
leveraged and operating lease commitments					
of associated companies	27.9	17.9	23.3	13.8	
	175.0	125.2	143.7	89.7	
Other persons/bodies corporate					
General guarantees in the normal course					
of business	23.8	25.0	23.8	25.0	
Contingent liabilities relating to current and					
threatened litigation	32.3	7.3	31.1	6.5	
	56.1	32.3	54.9	31.5	
	231.1	157.5	198.6	121.2	

Terminal fuel facilities

The Economic Entity, together with other airlines, has entered into various agreements in order to facilitate the funding and installation of jet turbine fuel hydrant systems and terminal equipment facilities at Los Angeles and San Francisco airports. The airlines have jointly and severally agreed to repay any unpaid balance (including interest) of the loans totalling \$250.5 million (1994: \$202.4 million) in the event the agreements are terminated prior to expiry of the loans.

Aircraftfinancing

As part of the financing arrangements for the acquisition of aircraft, the Economic Entity has provided certain guarantees and indemnities to various lenders and equity participants in leveraged lease transactions. The Economic Entity has guaranteed that the lessors will receive all of the funds due to them under the lease arrangements. Only in exceptional circumstances, including the insolvency of major international banks, would the Economic Entity be required to make any payments under these guarantees.

The Chief Entity, and certain controlled entities have entered into asset value underwriting arrangements with lenders under certain aircraft secured financings. These arrangements protect the value of the aircraft security to the lenders to a pre-determined level.

The Economic Entity has provided standard tax indemnities to the equity investors in certain leverage leases. The indemnities effectively guarantee the after-tax rate of return of the investors, and the Chief Entity may be subject to additional financing costs on future lease payments if certain assumptions made at the time of entering the transactions, including assumptions as to the rate of income tax, subsequently become invalid.

Taxation

A dispute exists between the Australian Taxation Office (ATO) and the Chief Entity in relation to potential withholding tax liabilities associated with some of the Chief Entity's aircraft financing transactions. The Chief Entity effectively bears the financial risk to third parties associated with any withholding tax liabilities arising from the aircraft financing transactions. The Chief Entity maintains that no withholding tax liabilities exist in relation to the relevant transactions.

The Government of the Commonwealth of Australia has indemnified the Chief Entity for any settlement payment made by the Chief Entity to the AT0 in respect of these aircraft financing transactions.

note 24 contingent liabilities continued

Yen indemnities

Under 12 aircraft leases, with termination dates from 30 August 2000 to 28 February 2003, the Chief Entity has indemnified its counterparty for movements in the Australian dollar/Japanese yen exchange rate calculated on termination. The Chief Entity will incur a loss if the Australian dollar/Japanese yen exchange rate is below specified ranges (ranging from 50.4 to 56.9) at the date of lease expiry. On two of the leases, the Chief Entity will make a profit if the exchange rate is above the specified rate. Both the year end rate and current spot exchange rate are above indemnification levels and no provision has been made in the financial statements.

Aussie Airlines Pty. Limited

Aussie Airlines Pty. Limited (Aussie Airlines) has advised that it has instructed solicitors to commence proceedings against the Chief Entity and the Federal Airports Corporation (FAC). Aussie Airlines is seeking access to terminal facilities from the Chief Entity at various Australian Airports. The Managing Director of Aussie Airlines is Mr Bryan Grey who was the Chief Executive of Compass Airlines Limited. The Chief Entity believes there is no case to answer as, to date, insufficient evidence has been provided to support the claim that Aussie Airlines is a genuine new entrant to the market.

Sydney and Sydney West Airports

In December 1987, the Chief Entity entered into a 15 year lease with the Government of the Commonwealth of Australia for the Jet Base at Sydney Airport. After that date, the Commonwealth vested the land with the FAC. Within three months of the expiry of the lease, ownership of buildings and improvements developed by the Chief Entity remaining on the land revert to the FAC. The lease does not provide that the FAC compensate the Chief Entity for such remaining buildings and improvements on expiry of the lease. The Chief Entity and the FAC have recently agreed that the term of the lease be extended for a period of 25 years from 1 July 1995.

The Commonwealth of Australia has announced that Sydney West Airport will be operational by late 1999 with capacity to handle major domestic and international jet aircraft. If the Chief Entity were required to move part or all of its facilities from Sydney Airport, the cost of replicating the investment it has made in airport infrastructure would be substantial and could include costs of leasing new terminals and maintenance facilities. Relocating part of its facilities would prevent the Chief Entity from operating a single hub for both its international and domestic services, resulting in additional operating costs.

note 25 superannuation commitments

The Economic Entity maintains seven superannuation plans covering Australian based staff. The Economic Entity also maintains a number of superannuation and retirement plans for local staff in overseas countries. Plan trustees are indemnified by the Economic Entity against actions, claims and demands arising from their lawful administration.

The superannuation plan for the Chief Entity's Australian based employees (including employees of certain controlled entities) provides either accumulation benefits (with a guaranteed minimum benefit for members of the Improved Old Benefits Section of the Qantas Airways Limited Staff Superannuation Plan (QALSSP)) or a combination of accumulation and defined benefits payable as a lump sum. The Chief Entity is committed to making contributions to the plans, the commitment being legally enforceable on the basis of actuarial advice of amounts required to fully fund the superannuation benefits provided for in the rules of the plans, after allowing for employee contributions.

In addition, the Economic Entity is required to provide a minimum level of contributions under the Australian Superannuation Guarantee legislation.

The various plans were last actuarially assessed as detailed in the following table. The actuarial valuations confirmed that the value of the assets of the plans were sufficient to meet all anticipated liabilities, including vested benefits of the plans in the event of termination of the plans and voluntary or compulsory termination of employment of each employee as at balance date. As at 30 June 1995, three of the above superannuation plans, being Australian Airlines General Superannuation Plan, Australian Airlines Pilots' Accumulation Fund (1989) and Australian Airlines Flight Attendants Superannuation Scheme were in the process of being merged with QALSSP.

note 25 superannuation Commitments continued

The last actuarial reviews of the funds were as follows:

Fund	Type of fund	Name and qualification of actuary	Date
Qantas Airways Limited Staff	Defined Benefit	K.N. Lockery FIA FIAA	30 June 1993
Superannuation Plan	Accumulation	Not applicable	
TAA Pilots' Superannuation Scheme (1977)	Defined Benefit	C.B. Twomey FIA FIAA	30 June 1994
Australian Airlines Pilots' Accumulation Fund (1989)	Accumulation	Not applicable	
Australian Airlines Flight Attendants	Defined Benefit	C.B. Twomey FIA FIAA	30 June 1993
Superannuation Scheme	Accumulation	Not applicable	
Australian Airlines Flight Engineers'			
Superannuation Plan	Defined Benefit	C.B. Twomey FIA FIAA	30 June 1994
Australian Airlines General Superannuation Plan			
contributory members	Defined Benefit	C.B. Twomey FIA FIAA	30 June 1994
- non-contributory members	Accumulation	Not applicable	
Australian Regional Airlines and Nominated	Defined Benefit	C.B. Twomey FIA FIAA	30 June 1994
Subsidiaries Superannuation Plan	Accumulation	Not applicable	

The actuarial valuation of the QALSSP determined that the Chief Entity's contribution to fund the defined benefit portion of the Plan was in surplus.

The Australian Regional Airlines and Nominated Subsidiaries Superannuation Plan comprises several categories of membership according to the employer, being Sunstate Airlines (Qld) Pty. Limited.

Certain controlled entities have a legally enforceable obligation under various awards to contribute to industry plans on behalf of some employees. These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement or death.

A number of employees are members of the Commonwealth Government Superannuation Scheme (CSS). Benefits are paid by the Commonwealth direct to the relevant employees and ex-employees. For its part, the Chief Entity pays contributions to the Commonwealth in respect of employees who are members of the CSS. Effective from 1 July 1987, these employer contributions are to be at rates determined by the Commonwealth Government Actuary to be appropriate to the servicing of a 'notional superannuation fund'. Subsequent to completion of the necessary assessment by the Commonwealth Government Actuary in June 1989, contributions are in accordance with rates recommended by the Actuary. As at 31 July 1995, CSS plan members became members of QALSSP.

		C	onsolidate	ed			C	Chief Entity	′	
Fund	Present value of accrued benefits fo	Net market value of E und assets		Employer ntributions to fund	Vested benefits	Present value of accrued benefits	Net market value of fund assets		Employer entributions to fund	vested benefits
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Qantas Airways Limited Staff										
Superannuation Plan	1,257.4	1,539.5	282.1	99.0	1,243.1	1,069.4	1,309.3	239.9	84.2	1,057.3
TAA Pilots' Superannuation										
Scheme (1977)	9.4	14.7	5.3	0.2	9.4	_		_	_	-
Australian Airlines Flight Attendan										
Superannuation Scheme	45.0	64.0	19.0	4.5	53.0	_		_	_	
Australian Airlines Flight Engineers										
Superannuation Plan	11.9	17.3	5.4	_	11.7	-	_	-	_	-
Australian Airlines General										
Superannuation Plan										
 contributory members 	1 97.0	166.5	(30.5)	19.6	161.2	197.0	166.5	(30.5)	19.6	161.2
Australian Regional Airlines and										
Nominated Subsidiaries										
Superannuation Plan	0.9	1.0	0.1	0.9	0.8	_	_		_	-

note 26 particulars in relation to controlled entities

		Country of incorporation	Economic Entity interest		Amount o	Amount of investment to		tions lidated ter tax
			1995 %	1994	1995 \$m	1994 \$ m	1995 \$m	1994 \$m
Qantair Limited		Australia	100	100	197.7	197.7	(0.1)	(0.1)
Qantas Investments (NZ) Limited		New Zealand	100	100		_	7.9	4.4
Q.H. Tours Limited		Australia	100	100	9.2	9.2	(0.4)	(0.6)
Holiday Tours and Travel Pte. Limited		Singapore	75	75		_	0.5	0.4
Jetabout Holidays Pte. Limited		Singapore	75	75		_		_
P.T. Pacto Holiday Tours Limited		Indonesia	53	53		_		_
Jetabout North America Inc.		USA	100	100		_	(0.6)	(0.1)
QH International Co., Ltd.		Japan	100	100		_	0.9	0.7
Jetabout Japan Inc.		Japan	100	100		_		_
Jetabout Holidays Limited		New Zealand	100	100		_		_
Holiday Tours and Travel Limited		Hong Kong	85	85		_		0.2
QH Tours (UK) Limited		UK	100	100		_		0.1
Qantas Holidays Limited		Australia	100	100		_	(2.8)	(4.4)
Qantas Viva! Holidays Limited		Australia	100	100		-	` ,	(0.9)
QH Cruises Pty. Limited		Australia	100	100		_	0.1	(0.2)
Qantas Information Technology Limited		Australia	100	100	1.4	1.4	4.7	6.2
Qantas Airline Systems and Research Limited		Australia	100	100		_		_
Pacific Air Travel Limited		UK	100	100	0.2	0.3		_
Qantas Flight Catering Holdings Limited		Australia	100	100		_	2.1	1.4
Qantas Flight Catering Limited		Australia	100	100		_	21.1	23.5
Asia Pacific Distribution Limited		Australia	100	100		_	0.6	_
Australia-Asia Airlines Limited		Australia	100	100	1.5	1.5	(10.6)	(5.5)
Southern Cross Insurances Pte. Limited		Singapore	100	100	0.6	0.6	1.1	1.1
Qantas Investments U.S. Inc.		USA	100	100	24.7	35.7	0.3	(6.8)
Qantas Superannuation Limited		Australia	100	100		-		` <u>-</u>
Qanlease Limited	*	Australia	100	_		_	0.1	_
QHF Insurance Brokers Limited	#	Australia	49	49		_	0.2	0.1
BD No. 1 Limited	*	Cayman Is.	100	-		_		_
Kurrajong Limited	*	Cayman Is.	100	_		_		_
Australian Airlines Limited		Australia	100	100	121.3	121.3	75.5	86.5
Australian Resorts Pty. Limited		Australia	100	100		_	0.2	_
Bingil Bay Cruises Pty. Limited	٨	Australia	100	100		_		_
Brampton Island Resort Pty. Limited								
(formerly Brampton Island Pty, Limited)		Australia	100	100		_	0.4	(0.3)
Impact Purchasing Pty. Limited	٨	Australia	100	100		_		—
Dunk Island Resort Pty. Limited								
(formerly Great Barrier Reef Hotel								
Pty. Limited)		Australia	100	100		_	1.3	2.5
Bedarra Bay Resort Pty. Limited								
(formerly Bedarra Island Resort								
Pty. Limited)		Australia	100	100		_	0.2	0.1
Bedarra Hideaway Resort Pty. Limited								
(formerly Hideaway Island Pty. Limited)		Australia	100	100		_	(0.3)	0.7
Great! Keppel Island Resort Pty. Limited							,	
(formerly Parkview (Keppell) Ptv. Limited)		Australia	100	100		-	0.2	(0.7)

note 26 particulars in relation to controlled entities continued

,	Country of incorporation	Econo	omic interest	Amount of	investment	Contributo consc	olidated
		1995 %	1994 %	1995 \$m	1994 \$m	1995 \$m	1994 \$m
Great Keppel Holdings Pty. Limited	Australia	100	100				
Keppel Leasing Pty. Limited	Australia	100	100	_			
(formerly Great Keppel Island							
Pty. Limited)	Australia	100	100	_	_		_
Keppel Investments Pty. Limited	Australia	100	100	-	_		_
Australian Airlines Express Courier Pty. Limited	Australia	100	100	_			_
First Brisbane Airport Pty. Limited	Australia	100	100	_	_		_
First Brisbane Airport Unit Trust	N/A	100	100	_	_		
Second Brisbane Airport Pty. Limited	Australia	100	100	_	_		_
Second Brisbane Airport Unit Trust	N/A	100	100	_	_		(1.4)
Australian Airlines Reservations Systems	11,77	100	100				(2)
Pty. Limited	Australia	100	100	_	_		(8.0)
Tysentle Pty. Limited	Australia	100	100	_	_	1.0	6.3
TAA Superannuation Pty. Limited	Australia	100	_	_	_		_
ARANS Superannuation Pty. Limited	Australia	100	100	_	-		_
AAPA Superannuation Pty. Limited	Australia	100	100	_	_		_
AAFE Superannuation Pty. Limited	Australia	100	100	_	_		_
AAG Superannuation Pty. Limited	Australia	100	100	_	_		_
AAFA Superannuation Pty. Limited	Australia	100	100	_			_
Australian Regional Airlines Pty. Limited	Australia	100	100	_	_		_
Sunstate Airlines (Qld) Pty. Limited	Australia	100	100	_	_	3.5	2.0
Southern Australia Airlines Pty. Limited	Australia	100	100	_	_	1.7	1.6
Ancove Pty. Limited	Australia		100	_	_		_
Airlink Pty. Limited	radirana		100				
(formerly Australian Airlink Pty. Limited)	Australia	100	100	_		(1.5)	(2.8)
Australian Regional Airlines (Qld) Pty. Limited	Australia	100	100	_	-	0.1	(0.5)
Air Queensland Pty. Limited	Australia	100	100		_		(0.3)
ACN 010 616 065 Pty. Limited ^	Australia	100	100	_	_		(0.0)
Lizard Island Resort Ptv. Limited			200				
(formerly Lizard Island Lodge Pty. Limited)	Australia	100	100	_	_	0.3	0.9
Eastern Australia Airlines Pty. Limited	Australia	100	100	_		5.3	6.4
ACN 000 199 468 Pty. Limited	Australia	100	100	_			
East Coast Airfreight Pty. Limited ^	Australia		100	_	_		
Thrinakia Pty. Limited ^	Australia		100	_	<u>.</u> .		
TAA Aviation Pty. Limited	Australia	100	100	_	-	0.8	(0.1)
Nostam Pty. Limited	Australia	100	100	_			, ,
In Tours Airline Unit Trust No, 1	N/A	100	100	_	_		
Priestdale Pty. Limited	Australia	100	100	_	_		
Denmell Pty. Limited	Australia	100	100	_		(0.3)	
Denmint Pty. Limited	Australia	100	100	_		(0.3)	
Denmost Pty. Limited	Australia	100	100	_	_	(0.7)	_
Denold Pty. Limited	Australia	100	100	_	_	. ,	_
Denpen Pty. Limited	Australia	100	100	_	_		_
Denpet Pty. Limited	Australia	100	100	_	_	(0.7)	_
Denpost Pty. Limited	Australia	100	100	-	_		

note 26 particulars in relation to controlled entities continued

	Country of incorporation		Econo Entity	mic interest	Amount o	of investment	Contributo conseprofit af	olidated
			1995 %	1994 %	1995 \$m	1994 \$m	1995 \$m	1994 \$m
Denroll Pty. Limited	٨	Australia		100		_		
Denrule Pty. Limited	A	Australia		100		_		
Densale Pty. Limited		Australia	100	100		_	(0.1)	
Denseed Pty. Limited		Australia	100	100	-	_	(0.3)	
Denshore Pty. Limited		Australia	100	100		_	(0.1)	
Densip Pty. Limited		Australia	100	100		_	(0.3)	
Densound Pty. Limited		Australia	100	100		-	(0.1)	
Engine No. 6 Pty. Limited		Australia	100	100	_	_		
Engine No. 9 Pty. Limited		Australia	100	100		_	0.1	
Olenya Holdings Pty. Limited	Α	Australia		100		_		
Olesa Holdings Pty. Limited	Α	Australia		100		_		
Olevano Holdings Pty. Limited	٨	Australia		100		_		
Olfusa Holdings Pty. Limited	Α	Australia		100		_		
Olgiy Holdings Pty. Limited	٨	Australia		100		_		
Oliana Holdings Pty. Limited	٨	Australia		100	-	_		
Kangaz Pty. Limited	A	Australia		100		-		
Total controlled entities					356.6	367.7	110.7	119.8
Chief Entity							58.6	42.3
Eliminations							10.8	(6.2)
Total contributions to consolidated profit								
attributable to members of the Chief Entity							180.1	155.9

All controlled entities carry on business in their country of incorporation, with the exception of Australia-Asia Airlines Limited, which also carries on business in Taiwan. All controlled entities are audited by member firms of KPMG, with the exception of QHF Insurance Brokers Limited.

Indentation of controlled entities signifies that the issued capital of the entity is owned by the entity above.

- * Acquired during the financial year.
- ^ Deregistered during the financial year or subsequent to year end.
- # Balance date 31 December. Definition of controlled entity satisfied by Board voting rights.

note 27 particulars in relation to associated companies

	Principal activities	Country of incorporation	Share class	Consol	Interidated		Entity		Amount of investment onsolidated Chief E		
				1995 %	1994 %	1995 %	1994 %	1995 \$m	1994 \$m	1995 \$m	1994 \$m
Air New Zealand	Airline	New									
Limited		Zealand	Ord.	_	19.4		_	_	210.5		
Travel Industries	Reservations	3									
Automated Systems	systems	Australia	Ord.^	50.0	50.0	25.0	25.0	2.1	2.1	1.0	
Pty. Limited group											
Caterair Airport Services	Catering										
Pty. Limited	services	Australia	Ord.	49.0	49.0		_	1.2	1.2		
Australian air Express	Air cargo										
Pty. Limited		Australia	Ord.	50.0	50.0	50.0	50.0		_		
Holiday Tours and Travel	Tours and										
(Thailand) Limited	travel	Thailand	Ord.	36.8	36.8		_	0.1	0.1		
Holiday Tours and Travel	Tours and										
Sdn. Bhd.	travel	Malaysia	Ord.	22.5	22.5		_	0.1	0.1		
Qadrant International	Information										
Pty. Limited	technology	Australia	Ord.	49.0	49.0		_		-		
								3.5	214.0	1.0	1.0

[^] An additional beneficial interest of 4.85% was held by virtue of the controlled entity's shareholding in Air New Zealand Limited. Investments in associated companies are accounted for on a cost basis in the accounts of the Economic Entity and the Chief Entity. No investments in associated companies are material at 30 June 1995. In the past, the Economic Entity appointed two of its Directors to the Board of Air New Zealand Limited. However, in June 1995 these two Directors resigned and the Economic Entity appointed two independent directors as replacements. The Chief Entity appointed a third independent director in August 1995. The Chief Entity therefore treats this as a trade investment, and no longer applies equity accounting principles to this investment.

note 28 unhedged foreign currency balances

The Australian currency equivalents of unhedged foreign currency balances included in the financial statements are:

	70.8 388.1 (63.4) (212.8) 182.7 108.2 617.9 (108.7) (419.0) 198.4	4
Other currencies	28.2 214.4 (13.2) (0.4) 229.0 23.3 236.8 (14.7) (29.5) 215.9	9
United States dollars	31.8 0.8 (3.1) - 29.5 11.3 41.5 (10.5) (4.9) 37.4	4
Controlled Entities		
	10.8 172.9 (47.1) (212.4) (75.8) 73.6 339.6 (83.5) (384.6) (54.9	9)
Other currencies	- (0.6) - (0.6) - - (0.5) - (0.5)	5)
New Zealand dollars	- (1.1) - (1.1) (1.8) - (1.5)	8)
United Kingdom pounds	- (16.6) - (16.6) 1.7 - (16.5) - (14.8	3)
United States dollars	10.8 129.6 (10.6) (136.8) (7.0) 62.2 137.8 (47.5) (145.2) 7.3	3
Japanese yen	- 43.3 (18.2) (75.6) (50.5) 9.7 201.8 (17.2) (239.4) (45.7)	1)
Chief Entity		
	\$m \$m \$m \$m \$m \$m \$m \$m \$m	n
	Current current Current current Current current Current current asset asset liability liability Total asset asset liability liability Total	al
	Non- Non- Non- Non-	
	1995 1994	

	Consc	lidated	Chief	Entity
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
note 29 employee entitlements				
Employee entitlement liabilities				
Provision for employee entitlements				
Current provisions (refer note 16)	230.9	171.1	152.9	115.5
Non-current provisions (refer note 16)	183.0	165.3	129.1	116.3
	413.9	336.4	282.0	231.8

As detailed in Note I(m), the provisions for employee entitlements are calculated in accordance with the requirements of Accounting Standard AASB 1028: Accounting for Employee Entitlements, which came into effect during the year ended 30 June 1995. The assumptions adopted in arriving at the provision for long service leave include:

Weighted average rates of increase in annual employee entitlements: 5%

Weighted average discount rates: 9%

Weighted average term to settlement of liabilities: 8.5 years.

Qantas Staff Share Plan

During the year, the Chief Entity offered all eligible employees of the Chief Entity and its wholly-owned controlled entities \$500 worth (subject to rounding) of free, ordinary, fully paid shares as part of the initial offer under the Qantas Staff Share Plan (QSSP). Acceptances from 28,532 employees were received. 263 free shares were subsequently granted to each participating employee in July 1995 immediately prior to the Chief Entity listing on the Australian Stock Exchange.

The grant of shares under the initial offer was made by the Chief Entity paying for one share to be transferred to each participating employee, and the Chief Entity making a bonus issue out of the share premium reserve of 262 shares to each participating employee. The financial statements as at 30 June 1995 do not reflect the impact of the initial offer of free shares.

note 30 derivative financial instruments

Foreign exchange risk

Forward foreign exchange contracts and currency options are used to hedge up to 80% of net foreign currency revenues or expenditures out to 12 months. Purchases and sales of aircraft denominated in a foreign currency are hedged at the date a firm commitment to buy or sell is entered into using a combination of forward foreign exchange contracts and currency options. Cross currency swaps are used to convert long-term offshore borrowings to currencies in which the Economic Entity has forecast sufficient surplus revenues to meet the principal and interest obligations under the swaps. Details of unhedged foreign currency balances are included in note 28.

Interest rate risk

The Economic Entity manages interest rate risk by reference to a duration target, being a measure of the sensitivity of the borrowing portfolio to changes in interest rates. The relative mix of fixed and floating interest rate funding is managed by using interest rate swaps.

Fuel price risk

The Economic Entity uses options and swaps on aviation fuel and crude oil to hedge the exposure to foreign currency movements in the price of aviation fuel. Up to 50% of estimated foreign currency fuel costs out to 18 months may be hedged.

Credit risk

Credit risk is the risk that the counterparty will default on or before the date of settlement of the derivative contract. The Economic Entity restricts its dealings to counterparties which have credit ratings equal to or better than A- (Standard & Poor's) or A3 (Moody's).

	Conso	lidated	Chief Entity		
	1995 \$m	1994 \$m	1995 \$m	1994 \$m	
note 31 dividends					
Dividends paid					
Unfranked dividends to outside equity interests	0.0	0.0			
preference sharesDividends provided	9.6	0.8			
Fully franked dividends (at a rate of no less than 36%)					
payable to shareholders of the Chief Entity					
- 3.5 cents per ordinary share	36.4	_	35.4	_	
	45.0	0.8	35.4		
Amount of retained profits and reserves which					
could be distributed as franked dividends out of					
existing franking credits or out of franking credits					
arising from the payment of income tax in the					
forthcoming year in respect of the current					
year's profits - Franked at 39%	72.6	73.7	61.9	63.0	
- Franked at 39%	2.8	13.1	01.9	03.0	
- 1411104 41 00/0	75.4	73.7	61.9	63.0	

The Economic Entity will establish a Dividend Reinvestment Plan (DRP) and a Bonus Share Plan (BSP).

It is intended that new shares under the DRP will be issued at a discount of 7.5% to the weighted average market price of the shares over a period set by the Directors of between five and ten trading days following the date on which the shares are quoted ex dividend.

The BSP is currently expected to operate in respect of unfranked dividends and cover the payment of final dividends for the year ending 30 June 1996 and the interim dividend for the year ending 30 June 1997.

Collso	Consolidated	
1995 \$m	1994 \$m	

note 32 segment information

Analysis of sales revenue by geographic area

Passenger, freight and contract services revenue		
Australia	3,302.1	2,823.5
United Kingdom and Europe	741.8	710.6
Japan	797.3	756.6
South East Asia and the Orient	681.1	627.8
America and the Pacific	473.1	458.2
Other (including charters)	282.6	352.3
	6,278.0	5,729.0
Other revenue		
Tours and travel	442.1	391.9
Other service and miscellaneous	442.8	410.5

Consolidated		Chief	Entity
1995	1994	1995	1994
Sm	\$m	Sm	\$m

note 33 earnings per share

Earnings per share based on operating profit after income tax attributable to members of the Chief Entity

18.0 15.6

In accordance with the definitions included within Accounting Standard AASB 1027: Earnings Per Share, there is no material difference between basic and diluted earnings per share for the above years.

The calculation of earnings per share is based upon an issued share capital that remained unchanged during the year. An additional 9,967,178 shares were issued subsequent to year end under the QSSP. These shares have not been taken into account when calculating earnings per share.

1995 1994 m m

Weighted average number of ordinary shares outstanding during the year, as used in the calculation of earnings per share

1,000.0 l,000.0

note 34 events subsequent to balance date

The Government of the Commonwealth of Australia proceeded with earlier plans to sell its 75% shareholding in the Chief Entity subsequent to balance date. This sale process was completed 31 July 1995, and the Chief Entity's ordinary shares were listed on the Australian Stock Exchange on this date.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in subsequent years.

Consoli	dated	Chief	Entity
1995	1994	1995	1994
\$m	\$m	Sm	\$m

note 35 notes to the statements of cash flows

Reconciliation of cash

Cash as at the end of the year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as

follows:				
Cash on hand	2.9	2.4	2.7	2.3
Cash at bank	18.4	6.8		145.6
Cash on call	2.2	49.5		46.6
Current bills of exchange and promissory notes	208.9	133.0	208.9	133.0
Current term deposits	14.3	11.7	14.3	11.7
Current negotiable securities	147.5	74.2	147.5	74.2
Bank overdrafts		_	(4.6)	_
Other current loans		_	(203.6)	(134.6)

note 35 notes to the Statements Of cash flows continued

Financing facilities

A standby facility has been provided through a syndicate of Australian and overseas banks and financial institutions. The facility is undrawn and provides liquidity support for the Economic Entity. The terms of the facility range from one to five years.

A bank overdraft facility covers the combined balances of the Chief Entity and all wholly-controlled entities held with the

Commonwealth Bank of Australia Limited. Subject to the continuance of satisfactory credit ratings, the bank overdraft facilities may be utilised at any time and may be terminated by the bank without notice.

The total amount of committed financing facilities available to the Economic Entity as at balance date amounted to \$1,007.5 million (1994: \$1,161.0 million). At balance date, none of these facilities were in use.

Non-cash financing and investing activities

During the year ended 30 June 1995 the Economic Entity acquired property, plant and equipment with an aggregate fair value of \$231.4 million (1994: \$167.8 million) under finance lease arrangements. These acquisitions are not reflected in the statements of cash flows.

statements of Cash nows.	Consc	Chief Entity		
	1995 \$m	1994 \$m	1995 \$m	1994 \$m
Reconciliation of operating profit after				
income tax to net cash provided by				
operating activities				
Operating profit after income tax	180.3	156.1	58.6	42.3
Add/(less) non-cash items:				
Amortisation and depreciation	394.2	362.0	246.3	196.2
Other unrealised expenses	144.9	(30.9)	149.8	(20.9)
Other non-cash items				
Related parties				
 controlled entities 		_	11.1	0.8
Other persons/bodies corporate	1.3	(3.6)	10.6	(1.9)
Net cash provided by operating activities				
before changes in assets and liabilities	720.7	483.6	476.4	216.5
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivable	25.7	(96.7)		49.5
(Increase)/decrease in inventories	(11.3)	25.6	(9.3)	23.3
(Increase)/decrease in other assets	0.1	82.1		61.2
(Increase)/decrease in prepayments	(3.6)	5.5	(3.3)	4.8
Increase/(decrease) in other liabilities	13.5	224.4	14.1	137.9
Increase/(decrease) in trade creditors	(93.7)	(73.3)	(98.4)	280.7
Increase/(decrease) in provisions	77.7	8.9	53.9	19.5
Increase/(decrease) in tax provisions	124.7	68.9	52.2	47.5
Net cash provided by operating activities	853.8	729.0	485.6	840.9

note 36 related party transactions

Transactions with related parties in the wholly-owned group

The basis and value of various related party transactions are included within the notes to the financial statements as follows:

Revenue	2
Interest received/receivable	2
Interest paid/payable	2
Directors' remuneration	5
Receivables (current and non-current)	9
Investments	11
Creditors and borrowings (current and non-current)	15
Contingent liabilities	24

Associated companies

Details of interests in associated companies are provided in note 27. Transactions with associated companies are conducted on normal commercial terms and conditions, and are not significant in amount to the Economic Entity.

Controlled entities

Details of interests in controlled entities are provided in note 26. Transactions between the Chief Entity and controlled entities are conducted on normal business terms and conditions. In addition, the Economic Entity has pooled funding arrangements with its major domestic banker (refer note 35) and as such reciprocal borrowings occur regularly between the Chief Entity and its controlled entities.

During the current financial year, the material transactions between the Chief Entity and its controlled entities were as follows: Qantas Information Technology Limited

- The Chief Entity provided a range of administrative services.
- The controlled entity provided computer and communication services.

Qantas Flight Catering Limited

- The Chief Entity provided a range of administrative services.
- The controlled entity provided airline catering services.

Q.H. Tours Limited and controlled entities

- The Chief Entity provided a range of administrative and investment services.
- The controlled entities and the Chief Entity acted as an agent for each other's products.

QHF Insurance Brokers Limited

- The controlled entity provided insurance broking services.

Australian Airlines Limited and controlled entities

- The Chief Entity and controlled entities provided a range of administrative services.
- The controlled entities and the Chief Entity assisted in the hiring of aircraft capacity.

Directors

The Directors of Qantas Airways Limited during the financial year were:

Gary Pemberton Chairman

James Strong Managing Director
Gary Toomey Finance Director

Jillian Broadbent Retired 15 December 1994

Mike Codd, A.C. John Ducker, A.O. Margaret Jackson Trevor Kennedy Sir Colin Marshall Roger Maynard

Nick Tait

Derek Stevens Alternate to Sir Colin Marshall
John Watson Alternate to Roger Maynard

note 36 related party transactions continued

Transactions with directors

From time to time Executive Directors and Directors of the Economic Entity obtain travel and accommodation discounts and other benefits, some of which are through agreements entered into by the Economic Entity. Certain travel and accommodation discounts are available on similar terms and conditions as those offered to other employees of the Economic Entity. All benefits are included in the aggregate amount of remuneration disclosed in notes 5 and 6.

A number of Directors of the Chief Entity also hold directorships with other corporations which provide goods or services to the Economic Entity in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct personal benefit from the transactions between the Economic Entity and these other corporations.

Other related parties

In March 1993, British Airways acquired 25% of the Chief Entity from the Commonwealth Government of Australia. As a condition of the sale, British Airways entered into a ten year Commercial Agreement with the Economic Entity. During the current year, the Trade Practices Commission authorised a Joint Services Agreement (JSA) with British Airways, allowing the two parties to cooperate on certain scheduled airline routes between Australia and Europe. The first coordinated schedules under the JSA are planned to commence in October 1995.

statement by directors

- 1. In the opinion of the Directors of Qantas Airways Limited:
 - (a) the financial statements set out on pages 20 to 58 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 June 1995, and the state of affairs at 30 June 1995, of the Company and the Economic Entity;
 - (b) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
 - (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- 2. The financial statements have been made out in accordance with applicable Accounting Standards.

Signed in accordance with a Resolution of the Directors:

Gary Pemberton

Chairman

James Strong

Managing Director

James strong

Dated at Sydney this twentieth day of September 1995.

auditors' report

Scope

We have audited the financial statements of Qantas Airways Limited for the financial year ended 30 June 1995, consisting of the profit and loss accounts, balance sheets, statements of cash flows, accompanying notes, and the Statement by Directors set out on pages 20 to 59. The financial statements comprise the accounts of the Company and the consolidated accounts of the Economic Entity, being the Company and its controlled entities. The Company's Directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with the Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the Economic Entity's financial position and the results of their operations and their cash flows.

The names of the controlled entities of which we have not acted as auditors are set out in note 26. We have received sufficient information and explanations concerning these controlled entities to enable us to form an opinion on the consolidated accounts.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of Qantas Airways Limited are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the state of affairs of the Company and the Economic Entity at 30 June 1995, and the results and cash flows of the Company and the Economic Entity for the financial year ended on that date; and
 - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements:
- (b) in accordance with the provisions of the Corporations Law; and

(c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

KPMG

Chartered Accountants

KPMG

D K Jukes

Partner

Sydney, 20 September 1995

fleet as at 30 June 1995

	Owned, HP & finance leases	Extendible operating leases	Other operating leases	Total	Average age (years)
Core fleet					
Boeing 747-400	9	9	_	18	4.4
Boeing 747-300	1	5	_	6	9.6
Boeing 747-200B	3	_	-	3	14.6
Boeing 747-200B Combi	2	_	_	2	15.2
Boeing 747SP	2	_	-	2	14.1
Boeing 767-200ER	7	_	-	7	9.4
Boeing 767-300ER	10	5	_	15	4.4
Boeing 737-300	16	_	_	16	8.0
Boeing 737-400	17		1	18	3.6
Airbus A300-B4	4	_	_	4	13.1
Total core fleet	71	19	1	91	6.8
Regional fleet					
BAe 146	=	_	8	8	6.4
BAe Jetstream 31/32	4	_	_	4	8.4
deHavilland Canada Dash 8-100	11	_	2	13	8.3
deHavilland Canada Twin Otter	5	_	_	5	25.4
Shorts SD360	6	_		6	10.3
Cessna 404 Titan	8	-	_	8	15.6
Total regional fleet	34	-	10	44	11.5
Total fleet	105	19	11	135	8.3

shareholder information

The shareholder information set out below was applicable as at 29 September 1995, being a date within six weeks of issue of these annual accounts.

% of

4,447,100

0.44

Distribution of ordinary shares

Victorian Workcover Authority

Analysis of ordinary shareholders by size of shareholding

Number of shares	Ordinary shares held	Number of shareholders	issued shares
1 - 1,000	47,039,072	67,271	4.66
1,001 - 5,000	91,708,102	38,124	9.08
5,001 - 10,000	24,263,807	2,735	2.40
10,001 +	846,956,197	1,865	83.86
	1,009,967,178	109,995	100.00
Twenty largest shareholders			0/ - 5
Shareholder		Ordinary shares held	% of issued shares
British Airways investments (Australia) Pty. Limited		252,491,794	25.00
CBA Nominees Limited		89,595,200	8.87
ANZ Nominees Limited		57,846,053	5.73
National Nominees Limited		54,125,372	5.36
Permanent Trustee Company Limited		37,860,000	3.75
Westpac Custodian Nominees Limited		34,599,006	3.43
Pendal Nominees Pty. Limited		25,591,785	2.53
Chase Manhattan Nominees Limited		22,402,100	2.22
Perpetual Trustees Nominees Limited		19,129,500	1.89
Australian Mutual Provident Society		15,300,800	1.51
State Authorities Superannuation Board		12,620,000	1.25
MLC Life Limited		12,306,540	1.22
The Commonwealth of Australia		9,693,484	0.96
Bowyang Nominees Pty. Limited		9,437,500	0.93
Citicorp Nominees Pty. Limited		6,675,700	0.66
Transport Accident Commission		5,532,200	0.55
The National Mutual Life Association of Australasia Limited		5,099,100	0.50
Perpetual Trustees Victoria Limited		5,094,000	0.50
HKBA Nominees Limited		4,887,302	0.48

shareholder information continued

The shareholder information set out below was applicable as at 29 September 1995, being a date within six weeks of issue of these annual accounts.

Substantial shareholders

The following shareholders have notified that they are substantial shareholders of Qantas Airways Limited.

Shareholder	Ordinary shares held	% of issued shares
British Airways Investments (Australia) Pty. Limited	252,491,794	25.00
Bankers Trust Australia Limited	57,132,500	5.66

Share Registrar

Ernst & Young
Registry Services
Pty Limited
321 Kent Street
Sydney NSW 2000
Australia

Phone 612 299 5747 Facsimile 61 2 262 2574

Stock Exchange Listing

Qantas shares are quoted on the Australian Stock Exchange.

Depository for American Depository Receipts

The Bank of New York ADR Division 101 Barclay Street New York NY USA

Auditors

KPMG
The KPMG Centre
45 Clarence Street
Sydney NSW 2000

Australia

Lawyers

Minter Ellison

Blake Dawson Waldron

Principal Bankers

Commonwealth Bank

of Australia

five year summary to the year ended 30 June 1995

	Unit	1995	1994	1993*	1992+	1991+
Group profit and loss account						
Operating revenue						
(excluding proceeds on sale of noncurrent assets)	\$m	7,162.9	6531.4	5,745.1	3,952.8	3,803.7
Operating expenditure	\$m	(6,691.5)	(6,051.4)	(5,514.8)	(3,691.3)	(3,817.9)
Operating profit before interest and tax	\$m	471.4	480.0	230.3	261.5	(14.2)
Net interest expense	\$m	(151.0)	(178.2)	(197.4)	(158.9)	(144.4)
Operating profit/(loss)	\$m	320.4	301.8	32.9	102.6	(158.6)
Abnormal items	\$m	200.4	(64.9)	(446.4)	45.0	239.6
Profit/(loss) before tax	\$m	320.4	236.9	(413.5)	147.6	81.0
Income tax (expense)/benefit	\$m \$m	(140.1)	(80.8)	36.7	(10.0) 137.6	(36.7) 44.3
Profit/(loss) after tax Outside equity interests in profit/(loss)	\$m	180.3 (0.2)	156.1 (0.2)	(376.8) (0.4)		44.3
Total available for appropriation for the year	\$m	180.1	155.9	(377.2)	(0.3) 137.3	44.3
Core airline performance statistics	4	100.1	100.0	(077.2)	107.0	. 44.0
Traffic and capacity						
Passengers carried	'000	14,422	12,981	11,267	4,534	4,143
Revenue passenger kilometres (RPKs)	m	50,215	46,196	39,950	28,836	26,899
Available seat kilometres (ASKs)	m	69,748	63,975	57,601	43,559	40,744
Revenue seat factor	%	72.0	72.2	69.4	66.2	66.0
Average passenger stage length	km	3,482	3,559	3,546	6,360	6,493
Revenue tonne kilometres	m	6,446	5,929	5,124	3,853	3,709
Available tonne kilometres	m	9,460	8,536	7,705	5,944	5,684
Financial		40.7	40.4	40.4	,,	
Passenger yield	cents	10.7	10.4	10.1	#	#
Productivity						
Average full-time employee strength	No.	23,238	21,903	20,676	17,646	20,227
RPKs per employee	,000	2,161	2,109	1,932	1,634	1,330
ASKs per employee	'000	3,001	2,921	2,786	2,468	2,014
Average int float age	hours	11.1 6.8	10.9 5.9	9.9 5.1	10.9 5.1	10.6 5.6
Average jet fleet age	years	0.0	5.9	5.1	5.1	5.0
Group performance statistics Traffic and capacity						
Passengers carried	'000	16,054	14,252	12,223	4,534	4,143
Revenue passenger kilometres	m	51,204	46,854	40,433	28,836	26,899
Available seat kilometres	m	71,225	65,019	58,363	43,559	40,744
Revenue seat factor	%	71.9	72.1	69.3	66.2	66.0
Aircraft in service at period end	No.	135	126	121	50	43
Financial						
Passenger yield Passenger yield	cents	10.9	10.6	10.3	#	#
Total group employees						
Average full-time employee strength	No.	28,948	26,791	25,093	17,646	20,227
RPKs per employee	'000	1,769	1,749	1,611	1,634	1,330
ASKs per employee	'000	2,460	2,427	2,326	2,468	2,014
Group balance sheet						
Total assets	\$m	8,928.5	8,211.8	8,468.9	6,129.3	6,006.7
Total liabilities	\$m	6,650.6	6,045.5	6,438.2	5,080.5	5,068.2
Total shareholders' equity	\$m	2,277.9	2,166.3	2,030.7	1,048.8	938.5
Group cash flows						
Cash flows from/(used in) operating activities	\$m	853.8	729.0	175.7	(159.1)	(432.9)
Cash flows from/(used in) investing activities	\$m	(221.3)	(147.8)	(381.9)	566.5	504.7
Cash flows from/(used in) financing activities	\$m	(516.2)	(642.4)	176.4	(272.4)	(430.7)
Net increase/(decrease) in cash held + Qantas international only	Sm	I16.3	(61.2)	(29.8)	135.0	(358.9)

glossary of terms

Available Seat Kilometres (ASK)

Total number of seats available for passengers, multiplied by the number of kilometres flown.

Available Tonne Kliometres (ATK)

Number of tonnes of capacity available for carriage of passengers, freight and mail, multiplied by the number of kilometres flown.

Revenue Passenger Kliometres (RPK)

Number of paying passengers carried, multiplied by the number of kilometres flown.

Revenue Seat Factor

Percentage of total passenger capacity actually utilised by paying passengers.

Revenue Tonne Kilometres (RTK)

Total tonnage of paid traffic carried, multiplied by the number of kilometres flown.

Revenue Load Factor

Percentage of total available capacity actually utilised for the carriage of paid traffic.